



Republic of Botswana

European Community

Joint Report 2003

January 2005

Table of Contents

1.	EXECUTIVE SUMMARY.....	4
2.	THE POLICY AGENDA OF THE PARTNER COUNTRY	5
2.1	The Long Term Vision (Vision 2016)	5
2.2	9th National Development Plan (NDP9)	6
2.3	Recent Policy Initiatives.....	6
3.	UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION.....	8
3.1	Political Situation	8
3.2	Economic and Social Situation.....	9
3.2.1	Economic situation, structure and performance	9
3.2.2	External Environment including regional co-operation	11
3.2.3	Social development	12
3.2.4	Environment	14
3.2.5	Major challenges in Botswana's development.....	15
4.	OVERVIEW OF PAST AND ON-GOING CO-OPERATION	16
4.1	Focal sector: Human Resources Development	17
4.2	Non Focal sectors.....	20
4.2.1	The Micro-Projects Programme (MPP) - EDF 7 and 8	20
4.2.2	Natural resource utilisation and conservation.....	21
4.2.3	HIV/AIDS - EDF 7	22
4.2.4	Private sector development.....	22
4.2.5	Enhance government's implementation and absorption capacity	22
4.2.6	Support to Fiscal Reform in Botswana	23
4.3	Utilisation of resources for Non-State Actors (NSAs)	24
4.4	4.4 Utilisation of Envelope B	24
4.5	Other Instruments	25
4.5.1	The European Investment Bank.....	25
4.5.2	The Centre for Development of Enterprises (CDE)	26
4.5.3	Regional co-operation	26
4.5.4	SYSMIN	27
4.6	Use of EDF resources.....	28
4.6.1	The speeding up of the use of old EDF resources	28
4.6.2	Forecasts for individual commitments and payments in 2004 and 2005.....	29
5.	PROGRAMMING PERSPECTIVES FOR THE FOLLOWING YEARS	29
5.1	Integration of new EC / EU policy initiatives and commitments.....	29

5.2	Proposal on a review and adaptation of the CSP	31
5.2.1	Orientations and allocations of the CSP	31
5.2.2	Appropriateness in 2004 of the initial CSP orientations and allocations.....	32
5.2.3	Programming of Envelope A.	32
5.2.4	Envelope B	33
6.	CONCLUSIONS	34
6.1	Political, economic and social developments.....	34
6.2	Non State Actors	35
6.3	Cross-cutting issues	35
6.4	Integration of new EC/EU policy initiatives and commitments	36
6.5	Performance appraisal.....	36
6.6	Commission position on a possible revision of the country financial allocation	40

Annexes

Annex 1.	EDF 6, 7 and 8 NIP financial implementation by sector.....	41
Annex 2.	Non-programmable resources in Botswana under EDF6, 7 and 8	46
Annex 3.	Project summaries	48
Annex 4.	Government commitments in Education and Training under 8th and 9th EDF NIPs	61
Annex 5.	EDF 6 - 9 (NIP+Sysmin) - Evolution in 2003 of the Remaining to Pay (RAP), Remain to Contract (RAC) and their sum (RAL)	64
Annex 6.	Achievements of the 2003 forecasts and 2004 and 2005 forecasts.....	65
Annex 7.	EDF9 intervention framework - EC Support to the Human Resource Development Sector in Botswana (CSP)	66
Annex 8.	EDF9 updated chronogramme of activities and indicative commitment and expenditure schedule.....	69
Annex 9.	Selected economic and social parameters and indicators of Botswana	70
Annex 10.	Recent EC/EU Policy initiatives and commitments.....	73
Annex 11.	Botswana Environmental Profile.	78
Annex 12.	Botswana Migration Profile.....	81
Annex 13.	List of acronyms and abbreviations.	83

1. Executive Summary

During the period 2003 in review, as in the previous decades, Botswana has enjoyed peace, political stability, and unbroken democratic rule. Next elections are scheduled in 2004.

Real economic growth in 2003/04 is estimated at 5.0 %, versus 6.7% in the previous year. The economy remains driven by the mining sector, particularly diamonds (mineral revenue accounts for 44% of total revenue). Botswana maintained in the year large foreign exchange reserves (2 years of imports), low public debt, and a strong currency. The Botswana Pula appreciated against major currencies and was devaluated by 7.5% in February 2004. Public finances remain healthy due to tight control of deficits, and in particular cuts in recurrent as well as development expenditure. Inflation declined to 6.4% towards the end of the year when the impact of VAT introduction in July 2002 phased out. The 2004/05 budget presents a small but precarious surplus.

Botswana has strong trading links with the EU which accounts for 89% of its exports and 12% of its imports. Negotiations for a Free Trade Area between SACU and the USA, initiated in 2003, should be completed in 2004. Consultations on regional configuration for EPAs negotiations under the Cotonou Agreement continued throughout 2003. Botswana, together with other BLNS partners, Tanzania and Angola, has explicitly opted for negotiations under the SADC flag.

The country adopted in December 2002 its 9th National Development Plan's. Its theme is "Towards realisation of Vision 2016: Sustainable and Diversified Development through Competitiveness in Global Markets", acknowledging that global competitiveness and trade are critical for a small sized country as Botswana. Focus will be on the implementation of policies and strategies in agriculture and rural development, tourism, science and technology, privatisation and enterprise development, in particular citizen entrepreneurship. The development budget is largely (90%) financed from own resources, the rest being equally shared between external grant assistance and borrowing. Privatisation is being gradually implemented and public sector reforms undertaken to improve efficiency and productivity.

The HIV/AIDS epidemic (levels of infection exceeding 30% in the 15 - 49 age group, among the highest in the world) shows no consistent sign of being checked and threatens Botswana's outstanding economic and social achievements. Persistent poverty (67% and 33% of the population living with less than 2 and 1 USD/day respectively in 2000) and unemployment (close to 20% in 2000) are additional challenges to face. Government launched in 2003 its National Strategy for poverty reduction and the Botswana National HIV/AIDS strategic framework 2003-09. Environment is given an increasing high profile in national policies and plans and a thorough revision of the environmental legislative framework is envisaged in 2004.

Botswana received grants of a total of € 100.5 million in development financing under the NIPs from EDFs 6 to 8, utilised in two areas of concentration, or focal sectors: Food, agriculture & natural resources, and vocational education / training. Community development initiatives and capacity building are some of the areas for non-focal support. Implementation of EDF 6 and 7 nears completion while the one of EDF 8 is well underway. The level of implementation of Government policies and plans in the focal sector of Education and Training is satisfactory, as well as its high level of commitment in the financing of projects. Monitoring of achievements at outcome and output levels remains difficult due to the lack of

appropriate indicators, which will be the subject of a study in the first half of 2004.

Studies for Human Resource Development in Botswana, and appraisal of support to the first - the single focal sector under EDF9 attracting 80% of NIP resources or 32 MEUR- , was undertaken from mid 2003 and should be completed by June 2004. Two projects were launched in 2003: the Economic Diversification of the Mining Sector (Sysmin- EDF9 B envelope, 30 M€) and a 3.88 M€ project to support Vocational Education and Training (EDF8 unallocated resources - EDF9 programming). A 4.2 M€ fourth Micro-Projects Programme was prepared.

It has been agreed that support to HRD under EDF9 will be in the form of an Education and Training Sector Policy Support Programme, channeling resources as sectoral budget support. The selection of appropriate indicators with targets will be critical and will be given the required attention.

Further preparation of EDF 9 interventions, progress in the implementation of EDF8 projects, evaluations/reviews/audits, strengthening of the dialogue in the field, review of EDF 9 focal sector indicators will be undertaken in 2004 in respect of EDF development co-operation. The review of the CSP concludes that the sectoral orientations and allocations are relevant to the country situation in 2004 and that it does not need revision. It is consistent with major EC/EU commitments and initiatives in the field of development policies. Interventions are planned which will use all NIP funds, including those to be decommitted from old projects.

The Commission will maintain its close political dialogue with Government in line with the objectives of economic diversification, poverty reduction, equity and community development.

2. The policy agenda of the partner country

2.1 The Long Term Vision (Vision 2016)

Botswana's long-term development plan, "Vision 2016", "Prosperity for All", adopted in 1996, is a multi-dimensional perspective of where the country should be by 2016, socially, economically, politically and spiritually. It re-affirms the country's four development objectives of sustained development, rapid economic growth, economic independence, and social justice. Although Botswana has achieved, over the past decades, rapid economic growth through mining and in particular diamonds, economic diversification is critical to secure sustainable development and to address persistent high unemployment and poverty levels. Strategies to achieve these objectives are articulated around private sector development as the new engine of growth. Vision 2016's emphasis is on Human Resource Development (HRD), productivity and innovation, as well as the fight against HIV/AIDS.

Vision 2016 provides the framework for all future plans, and particularly National Development Plans (NDPs). The possibility of merging or streamlining common goals and targets of Vision 2016 and the MDGs 2015 is currently discussed. Vision 2016 Council is responsible for monitoring and evaluation of progress in achieving the objectives of the Vision.

2.2 9th National Development Plan (NDP9)

The 8th National Development Plan, whose theme was "*Sustainable Economic Diversification*", came to an end on 31.03.2003.

The theme of NDP9, "*Towards Realisation of Vision 2016: Sustainable and Diversified Development through Competitiveness in Global Markets*", acknowledges that global competitiveness and trade are critical for a small-sized country such as Botswana. The policy thrust of NDP9 includes:

- Economic diversification, employment creation and poverty alleviation;
- Macro-economic stability, financial discipline and public sector reforms;
- Environmental protection, rural development, HRD, the fight against HIV/AIDS, Science & Technology development, and disaster management.

2.3 Recent Policy Initiatives

Following the adoption in 2002 of the Revised National Policy for Rural Development and corresponding implementation plan, the National Strategy for Poverty Reduction was adopted in 2003. It will guide and co-ordinate the various anti-poverty programmes and initiatives. The strategy rests, besides macro-economic policies fostering stability, economic growth, foreign and domestic investment, on: pro-poor spending; protection of essential items (food, clothing, shelter) from inflationary pressures; promotion of tourism (in particular eco-tourism) with a view to increasing employment opportunities for the poor based on existing resources; more sustainable, efficient and targeted safety nets packages; the effective participation of the poor in the planning of anti-poverty schemes; the fight against HIV/AIDS; and monitoring mechanisms including poverty surveys and capacity building of the Central Statistics Office (CSO). Half-yearly reports to Cabinet on the implementation of the strategy are planned. It is not a "Poverty Reduction Strategy Paper" (PRSP) in its usual meaning and bearing; the reference development plan and expenditure framework remains the one of NDP9.

The "Botswana National HIV/AIDS Strategic Framework 2003-09" (NSF) was approved in 2003. It aims at radically addressing the epidemic to "eliminate the incidence and reduce the impact of AIDS in Botswana". It emphasises management, identifies responsibilities of various actors and sectors, at various levels, and defines basic packages for different levels that address the most immediate needs. A Botswana HIV/AIDS Information Management System (BHRIMS) will monitor and guide the national response. The NSF also includes indicators and targets. Indicative costs (close to 12.5 bln Pula over 6 years), to be met by Government, development partners and the private sector, are provided for each of the five keys areas of intervention¹. Prevention of infection is the first priority and would, if successful, over the next 10 years, save at least 10 bln Pula in treatment and care. Increased predictability in funding would facilitate implementation. The development or revision of important health policies, strategies and regulations to

¹ The five key areas are: (i) prevention of HIV infection (1,247 mln P), (ii) provision of care and support (6,756 mln P), (iii) management of the national response (686 mln P), (iv) psycho-social and economic impact mitigation (2,099 mln P), (v) provision of a strengthened legal and ethical environment (9 mln P). The total including ARV (1,948 mln P) is 12,615 mln P (increasing from just below 1 bln in Year 1 to nearly 4 bln in Year 6).

improve public health and safety, and indirectly increase labour productivity, has also been undertaken ².

In order to improve the management and co-ordination of education at its various levels, the Ministry of Education has taken responsibility for the Community Junior Secondary Schools and the Brigades. Government now assumes total responsibility of Education and Training (E&T).

In recognition of the ability of a growing number of Batswana to pay substantial amounts for their children's education, specific cost recovery schemes are being put in place for different levels ³. Equity schemes complement cost-recovery concerns, to preserve access to education to less advantaged strata or groups of the society. Cost-sharing mechanisms are also high on the policy agenda in the field of transport.

With NDP9, environment was given for the first time a prominent place in a national development plan. Government proposes in 2004/05 to review a number of important existing environmental policies, legislation and strategies and complete those in preparation ⁴. Two important bills will be presented to Parliament:

- The Environmental Management Act will ensure a global coherent approach by grouping the various pieces of environmental legislation;
- The Environmental Impact Assessment legislation will render EIA compulsory for major projects.

Plans and strategies are also being prepared for wastewater and sanitation, Okavango Management, and bio-diversity. The Forestry Act needs to be amended to be fully compliant with the provision of the CITES regarding flora.

Botswana's development, as the one of every single country, is guided by a "policy mix", requiring careful attention to the balance between various policies, such as environmental protection and management, tourism and agriculture development (in particular, livestock development and beef exports). The President in 2003 directed that a comprehensive study on the long-term viability of the Livestock sub-sector be undertaken, leading to the formulation of a long term development strategy to promote a viable, affordable, competitive and sustainable livestock sub-sector. The study, carried out by the World Bank, is expected to be completed mid 2004.

In terms of economic diversification, the Government of Botswana sees its role as limited to that of creating an environment conducive for private initiative and innovation.

Following the establishment in 2001 of the Citizen Entrepreneurial Development Agency (CEDA), aiming at supporting the development of citizen-owned SMEs, the CEDA Venture Capital Fund was created in 2003 to provide financial assistance to joint ventures between citizens and foreign investors.

² Amendment of the Public Health Act (1971) to align it with current environmental and developmental changes, drafting of the Chemical Substances and Products Bill to protect human health and the environment from chemical hazards from industries and households, and of a Traditional Medical Practice Bill.

³ School fees (including boarding fees), in particular in secondary schools; loan / grant system at tertiary level. The proportion of grant/loan ranges from 100% for those study subjects considered necessary for the economy to 0% which are considered of importance for individuals rather than the nation.

⁴ Review of the Community-Based Natural Resources Management, Fisheries and Tourism Policies, and of the Agricultural Resources Conservation Act; Completion of the Predator Management Strategy, Elephant Management Plan, National Parks Management Plan and Game Ranching policy regulations.

A whole range of complementary measures and policies are prepared to facilitate domestic and foreign investment ⁵ and support the development of financial markets.

The Privatisation Master Plan drafted by the Public Enterprises Evaluation and Privatisation Agency (PEEPA) is expected to be ready for implementation early 2004. Its implementation will be preceded by extensive diagnostic reviews.

After having introduced a 10% Value Added Tax (VAT) in July 2002, Government has finalised the Botswana Unified Revenue Services (BURS) Bill which has been tabled in Parliament mid February 2004. The BURS will merge the Department of Excise and Customs and Department of Taxes with the objective of increasing cost-efficiency of revenue collection. The latter is expected to amount to 11 bln Pula in 2004/05 while the two merging departments collected together some 8 bln Pula last year.

The restructuring of the Central Tender Board into a Public Procurement and Asset Disposal Board initiated in 2002 has been further operationalised through the establishment of a Committee advising the MFDP on the Board's operations and an Independent Complaint Review Committee. Tender Committees are being established within Ministries and District Administration to accelerate the decision process, and increased transparency is being sought through the publishing, since December 2003, of various Board decisions.

3. Update on the political, economic and social situation

3.1 Political Situation

Botswana has a long-standing record of peace and political stability. The country has a multiparty constitutional democracy and free and fair elections are contested every five years. The next elections are scheduled for October 2004.

The President has executive powers and is chosen by the newly elected National Assembly. Cabinet is nominated by the President from the National Assembly ⁶. Draft National Assembly bills of tribal concern must be referred to the House of Chiefs, representing subgroups of the Botswana tribes, for advisory opinion. Other leaders preside over customary courts. All persons have the right to request that their case be considered under the formal British-based legal system. The roots of Botswana's democracy lie in Setswana traditions, exemplified by the *Kgotla*, or

⁵ A Local Enterprise Agency will be established, to co-ordinate training of local entrepreneurs. A Competition law will be presented in 2004, aiming at improving market efficiency through effective competition. The National Policy on Incomes, Employment Prices and Profits is being reviewed with a view to relaxing controls and allowing prices, wages and salaries to respond better to market forces and send appropriate signals to the economy. Various policy initiatives also aim at increasing predictability, transparency and efficiency of various sectors. The anti-money laundering legislation was adopted in March 2003, requiring financial organisations to put preventive and detection measures in place. A revision of Pension and Provident Fund, promoting private sector participation, and a Securities Bill, regulating all activities on the Botswana Stock Exchange, will be drafted in 2004/05.

⁶ The ruling Botswana Democratic Party (BDP) currently holds 40 of the seats at the National Assembly (including 4 nominated MPs and three official seats - the President, the Speaker and the Attorney-General), while the remaining seats were won by the Botswana National Front (6) and the Botswana Congress Party (1). BNF lost in the meantime 1 seat to each of the BCP and the National Democratic Front, NDF. Next elections are scheduled in October 2004 when the number of constituencies to be contested will rise from 40 to 57.

Village Council, in which the powers of traditional leaders are defined and limited by custom and law.

Civil and political rights are entrenched under the Constitution. The latter has a code of fundamental human rights enforced by the courts. There is freedom of association, of worship and of expression. The country is party or signatory to core treaties on human rights, with the exception of the UN Convention on Economic, Social and Cultural Rights. Botswana signed in 2003 a bilateral agreement with the USA preventing the extradition of US citizens present on the national territory to the International Criminal Court. Concerns are expressed about the fact that homosexuality is illegal; about the dominant position of Government in relation to the media ⁷; about the death penalty, applied in specific murder cases. It is recognised that dialogue between Government and communities such as the San (or Basarwa) needs to be intensified on their aspirations for their own development, and on ways to enhance programmes that will empower them socio-economically.

Government, civil service and judiciary are effectively separated. The legal system functions well. The Office of the Ombudsman demonstrates independence and effectiveness. Standards of conduct in political, civil and commercial life are high in Botswana. Allegations of corruption or misuse of position are not common and appear to be systematically pursued by the independent Directorate for Corruption and Economic Crime. Botswana now occupies the 24th rank world-wide in terms of the "corruption perception index", up from 26th in 2002 ⁸.

3.2 Economic and Social Situation

3.2.1 Economic situation, structure and performance

The recovery of Botswana's economy, initiated in 2002/03 (6.7% real GDP growth vs. 2.1% in 2001/02) levelled off in 2003/04, with a real GDP growth estimated at 5.0 % ⁹. The same growth is projected for 2004/05.

While the 2002/03 budget was in deficit by 1.6 bln Pula, the 2003/04 overall revised budget is essentially balanced (marginal deficit of 20 mln Pula). This however results from various measures to adjust expenditure and net lending pattern (5% reduction in recurrent budget, scaling down of development budget from 4.43 to 4.00 bln Pula, sale of PDSF loan, etc.) to a much lower revenue than anticipated (-14%).

In 2003 indeed, the depreciation of the USD and appreciation of the Rand, against the Pula and major currencies, resulted in a substantial drop in mineral revenue (as well as an increase in real terms of costs of imports from South Africa). The extent to which an increase in mining outputs has compensated losses in relative terms is yet to be assessed once final figures are available.

In spite of sustained efforts towards economic diversification, the economy remains fairly stable and largely driven by the mining sector (Annex 9, table 9.1). Services represent close to 50% of GDP. Agriculture has shrunk over the past decade due to low productivity, recurring droughts and more recently a series of FMD outbreaks. Constraints to economic diversification are: inadequate levels of investment, small

⁷ The planned "Mass Media Communication" Bill is currently being circulated among stakeholders

⁸ Botswana scored 6.4 in 2002, up from 6.0 in 2001. The CPI ranges between 10 (highly clean) and 0 (highly corrupt). "Global Corruption 2003, Data and Research, Transparency International, 2003.

⁹ BIDPA briefing 2nd quarter 2003

domestic market, mismatch between labour skills and the needs of the market, low productivity, non competitive production costs (landlocked situation, high utilities costs), remoteness from export markets, etc.

Inflation remained high in 2003 at 9.2% in average while a decline was initiated mid year (8.7% in July) as the impact of the introduction of VAT a year before phased out. This downward trend was maintained to the end of the year (6.4% in December, close to the target of 4-6%), assisted by a decline in domestic demand and in government expenditure, and lower external inflationary pressures, in particular in South Africa. The Botswana Pula¹⁰ appreciated against major currencies¹¹ and was devaluated by 7.5% on 5th February 2004. This is expected to boost exports and domestic production, in specific export sectors, such as textiles, mining, and tourism.

Botswana's balance of payments recorded in 2003 a large surplus (1 bln Pula vs. 0.3 bln Pula in 2002). Foreign exchange reserves declined by 5%, standing at 5.3 bln USD (24 bln Pula) at the end of the year, providing for some 26 months of imports.

Results of public enterprises and parastatals for 2003/04 are not yet published. The worst performing, Botswana Telecommunications Corporation, seems to be turning round, recording profit in the first half of the year in review. Privatisation of Air Botswana has not been completed following the withdrawal of potential candidates.

Total revenue and grants for 2004/05 ¹² are estimated at 18.21 bln Pula, with Mineral Revenue, Excise, Non-Mineral Income Tax and VAT accounting for respectively 44%, 18%, 14% and 11%. The first two components depend crucially on the evolution of the USD and Rand in international markets, factors over which Government has no control. Income tax and VAT are expected to increase by over 20%, facilitated by the creation of the BURS, full enforcement of the VAT legislation and enhanced VAT auditing.

Total expenditure proposed is 18.14 bln Pula (a 6% growth over the revised 2003/04 expenditure), of which 3.61 bln for development (a 10% reduction over the revised 2003/04 development budget). The budget presents therefore a small and precarious surplus of 70 mln Pula. It provides for an increase in public salaries, as recommended by the Pay Structure Review Commission, but not for a growth in public manpower.

Expenditure on social services represents a very significant proportion of the total proposed expenditure in 2004/05 (Table 1).

Government places considerable emphasis on performance improvement of public services, and efficiency gains and cost savings and costs control in public expenditure for development projects. Cost recovery mechanisms are introduced in education and transport.

Official Development Assistance (ODA) received has shrunk to some 31 million USD in 2000, i.e. 0.6% of GDP ¹³.

¹⁰ Pegged to a basket of currencies consisting of ZAR, USD, Euro, GBP and Japanese Yen.

¹¹ In nominal terms + 12% against the basket, 23% against the USD, 11% against the GBP but -6% against the ZAR (0% in real terms).

¹² Budget Speech 2004/05, presented by the Minister of Finance to the National Assembly on 09.02.2004

¹³ Down from 3.9% GDP or 20 million USD in 1990. Human Development Report, 2002, UNDP.

Table 1. Proposed expenditure on social services in 2004/05¹⁴

Ministry	Budget		Development		Remarks
	Bln P	% tot	Bln P	% tot	
Education	3.98	20.8	0.315	8.7	Secondary, higher education and VET
Local Government	2.43	12.7	0.695	19.3	Primary schools and water supply & sanitation account for 60% of development budget of the Ministry
State President	1.73	9.0	0.977	27.1	HIV/AIDS represents 43% of development budget of the Ministry, which also includes police and defence forces
Health	1.03	5.4	0.412	11.4	
<i>Total</i>	<i>9.17</i>	<i>47.9</i>	<i>2.40</i>	<i>66.5</i>	In total recurrent and development budget of 14.53 and 3.61 bln Pula respectively

3.2.2 External Environment including regional co-operation

External trade relations are complex. Botswana, given its small population and landlocked situation, has opted for regional integration and open market policies in order to benefit from foreign investments, free trade and economies of scale. It is however acknowledged that quality products are a pre-requisite to penetrate well-established markets.

Botswana pursues very actively the implementation of the Kimberley diamond certification scheme¹⁵, of particular importance to the national economy, since the publishing early January 2003 its "Export and import of rough diamonds regulation - 2003".

The country is an active member of various regional, continental and world organisations and institutions such as the SADC¹⁶, SACU¹⁷, African Union, Africa Development Bank, United Nations, Commonwealth, and signatory to global partnership agreements such as the ACP-EU Cotonou Partnership Agreement and NEPAD¹⁸

The SACU Agreement was revised and renewed in 2002 on more favourable terms for Botswana in terms of the determination of customs tariffs and formula for the share of customs revenue among SACU members. In spite of globalisation and specific agreements of other SACU partners (e.g. TDCA¹⁹ between the EU and South Africa), the market remains important, even more so in the context of the SACU-USA Free-Trade Area whose negotiation, initiated in 2003, should be completed by

¹⁴ Budget Speech 2004/05, presented by the Minister of Finance to the National Assembly on 09.02.2004

¹⁵ Whose implementation in the EU is regulated by the EU Council Regulation EC 2368/2002 of 20.12.02

¹⁶ Southern Africa Development Community. SADC has currently 13 members: Angola, Botswana, the Democratic Republic of the Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe. The Seychelles decided to withdraw from the SADC with effect from mid 2004. The extent to which the on-going negotiations for a revision of the formula for contributing to the SADC would affect this decision is not known.

¹⁷ Southern Africa Customs Union, common customs area between South Africa, Botswana, Lesotho, Namibia and Swaziland.

¹⁸ New Partnership for Africa's Development.

¹⁹ Trade Development Co-operation Agreement

the end of 2004. Benefits - in terms of sourcing raw materials from anywhere in the world - accessible to least developed countries under the AGOA-II with the USA, have been extended to Botswana until 2004.

Botswana has strong trading links with the EU which accounts for 89% of its exports (in particular the UK, and mostly raw diamonds) and 12% of its imports. Consultations on the regional configuration in Southern Africa of the Economic Partnership Agreements (EPAs) negotiations under the Cotonou Agreement were launched in September 2002 and continued throughout 2003. There are concerns that the SADC will not negotiate with its full strength as a regional organisation as some SADC members²⁰ have opted to negotiate in the context of "ESA" and RSA has already a major specific agreement with the EU. The Minister of Trade, Industry and Commerce of Botswana has been appointed to lead the SADC/EU negotiations for EPAs.

The SADC Regional Indicative Strategic Development Plan (RISDP), adopted in 2003, identifies strategies and programmes in various areas of intervention, the major ones being poverty eradication, the fight against HIV/AIDS, gender equality and development, Science, Research & Technology (SRT), and Information Communication and Technology, ICT. The RISDP will guide both SADC Member States and Development Partners, and assist in the identification of regional projects.

Following several years of drought and resulting low agricultural outputs, the SADC region has suffered in 2003 food shortages. Cereal deficits were estimated at some 5.5 million tons in 2002 and by January 2004 about 7 million people in the region needed food relief.

A migration profile is included in Annex 12. The resident population of Botswana consists of some 96.6% own nationals and 3.4% immigrants, mostly from neighbouring and other SADC countries. Most Botswana migrating (close to 3% of the population) go to South Africa (many are employed in mines, though to a decreasing extent or study there), and other neighbouring countries. Cross-border traffic between South Africa and Botswana has tremendously increased over the past decade.

Concerns are expressed over the large number of illegal immigrants from Zimbabwe (which has dramatically increased over the recent years, as the political and economical situation deteriorated in the latter), without legal status and income, and potential consequences on crime and sanitary threats from uncontrolled movements of animals and their products across the border.

3.2.3 Social development

Botswana population was estimated at 1.68 million in 2001 and population growth at 2.4% per annum (2001 census). The country is highly urbanised (49% of the population in 2000, from 12.8% in 1975)²¹. With 48% of the population below the

²⁰ Malawi, Mauritius, Zambia and Zimbabwe have opted out. The DRC attended the launch in Mauritius of the EPA negotiations for ESA in February 2004. The BLNS (Botswana, Lesotho, Namibia and Swaziland), together with Angola and Tanzania, have explicitly opted for negotiations "under the SADC flag".

²¹ Human Development report, 2002, UNDP

age of 10 and 3% above the age of 64, Botswana's population has a dependency ratio of some 105%²².

Table 2 shows the evolution between 2000 and 2002 of the ten indicators selected among those of the Millennium Development Goals (MDGs) to reflect achievements towards development. All data are from Central Statistics Office (CSO) unless otherwise specified. At the time of formulation of the present report, the 2002 values are still missing for many indicators. Additional indicators and their values are found in Annex 9, including values of the above ten MDGs indicators for the period 1990 to 2000.

Table 2. Selected Millennium Development Goals Indicators

Type	Indicator (in %)	2000	2001	2002	2003	2004
Impact	Proportion of population below USD 1 per day.	n/a	⁽¹⁾ 33.3	⁽³⁾		
	Prevalence of underweight children (under five years of age)	13	8.7	⁽³⁾		
	Under-five mortality rate	7.5	7.4	⁽³⁾		
Outcome	Net enrolment ratio in primary education	90.1	87.2	89.0 ²		
	Primary completion rate	94.3	94.0	⁽³⁾		
	Ratio of girls to boys in:					
	- Primary education	98.7	98.5	98.0 ²	97.6 ²	
	- Secondary education	108.4	108.1	⁽³⁾		
	- Tertiary education	96.2	94.9	⁽³⁾		
	Proportion of births attended by skilled health personnel	95	92	⁽³⁾		
	Proportion of 1 year old children immunised against measles	83	77	79		
	HIV prevalence among 15-24 year old pregnant women					
	- Among 15-19 year old pregnant	22.9	24.1	21.0		
	- Among 20-24 year old pregnant	39.1	39.5	37.4		
	Proportion of population with sustainable access to an improved water source	96.5	96	⁽³⁾		

(1) UN Human Development Report, period 1983-2000 for indicator 1; ⁽²⁾ provisional; ⁽³⁾ not yet available.

Remarkable improvement in service delivery such as health care, access to safe water and education, has been achieved since independence, when Botswana was one of the poorest countries in the world. Botswana's public expenditure in social services has been, and remains very significant, with 2.5 % GDP spent in health in 1998 and 20.6% of total public expenditure in education in 1995-97²³.

Exemplary progress has been made towards achievement of outcome indicators such as education enrolment at all levels of education. In general, disaggregated

²² Botswana Education For All National Action Plan, 2002.

²³ to which should be added 1.5% for private expenditure.

indicators show good achievements for gender equity. The disparity in income remains however important (Table 3).

Table 3. Selected indicators disaggregated by gender ²⁴

Life expectancy at birth (years)	Adult literacy (%)	Net enrolment 1ary - female ratio / male ratio (95-97)	Net enrolment 2ary - female ratio / male ratio (95-97)	Gross enrolment 1ary - female / male (94-97)	Estimated income GDP PPP USD, 1999
41.9 F 41.6 M	78.9 F 73.8 M	105 %	117 %	83 %	5,183 F 8,638 M

F= female; M = male

Figures for life expectancy from CSO (57.4 and 52.0 for females and males respectively, in average 55.6) differ significantly from those of the UN (Table 3). Reasons for these discrepancies are being discussed between CSO and UNDP.

Results in terms of health services delivery remain high. Worsening of indicators such as life expectancy and under-five mortality rate, however, reflects the devastating effects of HIV/AIDS. The Human Development Index of Botswana, HDI, has steadily increased between 1975 (0.494) and 1990 (0.653), declining thereafter to the 1980 level in 2000 (0.572) due to the dramatic shortening of life expectancy²⁵ due to HIV/AIDS (figure 9.4 in Annex 9).

In spite of being drought prone and of a high incidence of poverty, Botswana have been mostly protected from hunger through the implementation of specific feeding programmes and adequate social safety nets financed by government budget.

3.2.4 Environment

Botswana's environmental profile (Annex 11) reviews the major environmental constraints of the country: (semi-) arid climate, increase in temperatures and decline in annual rainfall over the past decades, meagre ground and surface water resources, indiscriminate dumping of waste and widespread littering, rapid population growth and resulting pressure on natural resources. The elephant population (123,000) is twice the national carrying capacity (60,000), resulting in increasing human-elephant conflicts and alteration to the vegetation cover in some areas. Poverty is identified as a major cause and consequence of environmental degradation and natural resources depletion. Community-based Natural Resources Management is one of the strategies adopted to address poverty reduction through sustainable use of natural resources.

This environmental profile also lists major legislation and plans, as well as key-ministries and institutions involved, alongside with the Ministry of Environment, Wildlife and Tourism, as well as NGOs, CBOs and private sector operators, involved in environmental matters, and schemes, international, African and regional conventions and protocols to which Botswana is a party.

²⁴ Human Development Report, 2002. UNDP.

²⁵ 44.4 years in 1995-2000, from 53.2 years in 1970-75 (HDR 2002, UNDP)

3.2.5 Major challenges in Botswana's development

Botswana faces, in improving the living standards of its citizens, various challenges:

□ Poverty

GDP per capita was USD 3,300 in 2001, and in 93/94 constant Pula prices, it has increased by 25% over the past decade ²⁶. While Botswana is a "middle income country", one third of the population however lives in poverty (income of less than 1 USD / day). Botswana has defined a Poverty datum Line PDL of 1.23 USD/day and the proportion of the population living below the PDL was estimated at 36.7% in 2002.

Factors of vulnerability include: remoteness (rural areas), lack of education / skills or inadequacy of skills for the labour market, lack of access to productive assets and to markets, HIV/AIDS, which all contribute to un-/under-employment. Weakening of traditional solidarity mechanisms exacerbates the impact of vulnerability factors ²⁷. Updated data on poverty are expected from the release in 2004 of the results of the 2002 Household Income and Expenditure Survey. A comprehensive review of previous anti-poverty schemes was carried out in 2002 and its results fed back in the development of the National Strategy for Poverty Reduction of 2003.

□ Unemployment

Besides difficulties related to the interpretation of statistics from different sources and important fluctuations hidden by trends over a period of time, persistent high levels of unemployment (rising from 13.9 to 19.5% between 1991 and 2001 ²⁸) remain an area of serious concern for Government. Growth in formal employment has been in average sluggish in the '90s and recent years (1.5% p.a. vs. 9.7% p.a. in the 80's) while total employment increased by 2.7% over the past decade. Two third of the new jobs are created in the private sector ²⁹.

Employment is influenced by a multitude of factors, including economic growth, demographics, and education enrolment. Economic growth is mostly based on the mining sector, capital-intensive, while the agricultural sector, highly labour-intensive, has shrunk over the years (to less than 3% in 2001/2002) ³⁰. Retrenchment in some sections of the economy may have contributed to unemployment. Employment is increasingly skill-intensive and many of the unemployed are relatively young people with low education and no skills. One of the priorities of Government remains, as in the past, heavy investment in Education and Training (E&T) to address the problem of lack of skills³¹.

²⁶ Annual Economic Report 2003.

²⁷ Botswana MDG report 2004 (final draft)

²⁸ Data from the corresponding Population and Housing Censi

²⁹ In 2000, the private sector / parastatals, government, the informal sector and agriculture accounted respectively for 33, 22, 27 and 19% of the jobs respectively. (National Manpower Projections, Botswana Institute for Development Policy Analysis, June 2001).

³⁰ The country's agricultural development programme, NAMPAAAD, could however boost jobs in agro-processing industry and manufacturing.

³¹ However, the number of university graduates unemployed is also on the increase. This may reflect a mismatch between qualifications acquired and the need of the economy.

□ HIV/AIDS

Botswana is one of the most affected in the world, with levels of infection of 35 % in the [15 - 49] age group. It is estimated that almost 28,000 adults and children had developed AIDS by the end of 2002 and a total of close to 38,000 were registered as orphans at the end of 2003. HIV/AIDS-related illnesses accounts for 50-70% of hospital bed occupancy rates. The pandemic shows so far no consistent signs of being checked and is currently reversing Botswana's achievements in the economic and social spheres. It erodes gains in health (under-five mortality rate, life expectancy at birth, eradication of tuberculosis, etc.) and threatens the viability of the country's development strategies in education and skills development. By affecting both labour supply and productivity, it jeopardises efforts directed at attracting Foreign Direct Investment ³².

Government implements since 2002 an Anti-Retroviral (ARV) drug programme that is currently being rolled out, as part of the National HIV/AIDS Strategic Framework 2003-09 (see page 6). Lack of human resources in terms of numbers and specific skills, reluctance of the population to behaviour change, and persistence of a strong social stigma attached to the disease are important constraints to its implementation. This led H.E. President F. Mogae to declare in November 2003 "We have often spoken of the HIV/AIDS pandemic as a war that needs to be won. Yet in this war, we remain our worst enemies" Acknowledging the role of external assistance, he emphasised further "But it is we, and we alone who through behaviour change, must achieve our victory".

The Botswana Millennium Development Goals Status Report of 2004, besides HIV/AIDS and the need to building a national technological capability, and raising productivity and competitiveness in the non-mining sectors, identifies two additional key development challenges for the country:

1. *Empowering Botswana everywhere to be viable agents of their own development*", through successful human resource development producing "functionally global workers and citizens" and deliberate measures to increase sense of responsibility by individuals and communities for own development, with Government acting as facilitator and engaging in a truly consultative dialogue;
2. *"Ensuring that policies and programmes are fully implemented"*, in particular strengthening of Monitoring and Evaluation capacities. Data should be disaggregated for key-factors, times series available for basic indicators, and the capacity for analysis and feed back into policy-making and planning strengthened.

4. Overview of past and on-going co-operation

Botswana received grants totalling 70 M€ in development financing under the National Indicative Programmes (NIPs) from the 7th and 8th European Development Fund (EDF). Programmable resources under the 9th EDF (Envelope A) amount 39 M€ while Envelope B, covering unforeseen needs amounts 52 M€.

³² Botswana MDG report 2004 (final draft)

The 8th EDF strategy ³³ for Botswana aimed at sustainable development and poverty reduction, by supporting the Government's efforts towards: (i) Economic diversification and regional/international economic integration; (ii) Employment creation and more equitable income distribution; and (iii) Protection and sustainable use of (renewable) natural resources. It had two focal sectors: Private Sector Development and Training, and Natural Resources Utilisation and Conservation.

The Country Strategy Paper / Indicative Programme (CSP/IP) for the 9th EDF singled out Human Resources Development as the sole focal sector, aiming at private sector development and enhancing labour skills needed to sustain economic growth. Potential candidates for the *Non Focal Sectors* were:

- . Community development through the successive Micro-Project Programmes;
- . Natural resources (wildlife and forestry) conservation and management, including community-based initiatives;
- . Capacity building in the Ministry of Finance and Development Planning, fiscal reform, tourism and trade promotion, HIV/AIDS.

Botswana also benefited, and still does, from SYSMIN support and loans from the European Investment Bank (EIB). The EC has directly financed interventions in the field of natural resources, from environment conservation in developing countries and Non-Governmental Organisation (NGO) co-financing Commission's budget lines. In addition, Botswana has benefited from some of the EDF regional funding for Southern Africa, channelled mostly via SADC.

The distribution across sectors of projects financed under the Botswana NIPs of EDF 6 to 9, and under non-programmable resources is shown in Annex 1 (p. 41) and Annex 2 (p. 46) respectively. Progress with implementation for major EDF projects, which were, as of December 2003, just completed, on going and about to be launched is summarised in Annex 3 (p. 48).

4.1 Focal sector: Human Resources Development

The Commission's policy is, whenever possible and in particular in the social sectors, to shift support from project-type interventions towards Sector-Wide Approach (SWAp) and budget support. While EDF-financed interventions in Botswana have so far been on a project mode, the principle of channelling resources for HRD under EDF9 through budget support has now been agreed.

EDF 7 ³⁴ and 8 ³⁵ Vocational Training Programmes were designed as a response to the shortage of technical colleges training places, the mismatch between skills acquired and those required by the labour market, and the low level of skills for self-employment. They aimed to address the severe shortage of sufficient numbers of skilled technical and vocational teachers required for the Vocational Education and Training Expansion Programme, and of college places in areas relevant to the economy, with particular emphasis on equity of access.

³³ Some EDF7 projects, launched in the late 90's, were already in line with the 8th EDF strategy and its focal sectors.

³⁴ Construction of Gaborone Technical College, GTC and expansion of the Automotive Trades Training College, ATTTC, co-financed by Government and a 15 MEUR grant from EDF.

³⁵ Construction of a Vocational Teachers Training Centre and Vocational Training Centre in Francistown

a) Results

Government's commitments, sectoral policies and their level of achievement, under the 8th and 9th EDF NIPs, as well as indicators and targets under EDF9 are reviewed in details in Annex 4, and summarised below.

a.1. *8th EDF NIP*

Targets were exceeded in terms of enrolment during the period of EDF8. Further increase in places will be achieved through the expansion of GTC/ATTC, and several projects for large colleges (at least 1,000 students) at Francistown (for which works are currently being launched), Oodi and Selebi-Phikwe. The Botswana Technical Education Programme (BTEP) should be generally available in all colleges by the end of 2005. Very significant progress has been made in women enrolment in programmes (50% of total students), including in traditional "male fields". Equity in access is further pursued through specific efforts aiming at a geographical balance in enrolment and access to disadvantaged groups (specific ethnic groups and students with physical or learning disabilities). Government's commitment to projects co-financed with the EDF is exemplified by its substantial financial contribution (over 50%).

The Botswana Training Authority (BOTA) was established with some delay and respective responsibilities of the MoE and BOTA are being progressively clarified.

Training projections are available since 2001 (instead of 1996), concluding to the need for annual outputs of some 40,000 trained citizens. Programmes developed under the BTEP address several of the priorities identified. BTEP programmes are currently being developed at two higher levels to address the shortage of technicians. Training needs at craft level will be addressed by the development of a National Skills Development Strategy during NDP9.

a.2. *9th EDF NIP*

NDP9 allocates 10.4% and 26.7 % of the total government development and recurrent budget to E&T. Relative budget allocations to MoE have remained fairly stable since 2001 and reflect the high priority given to E&T, even more so if allocations to Ministry of Local Government for primary schools are considered (see Table 1 , page 11).

Relevant stakeholders, including the private sector, are involved in the development, quality and expansion of the tertiary education / E&T through their participation in various fora and Councils (Botswana Examination Council since 2002, Tertiary Education Council and Technical and Vocational Education Consultative Forum since 2003).

Achievements in terms of expanding of the E&T system have been reviewed under a.1.

It must be noted that the 2001 population census has significantly stretched capacities of the CSO, resulting in a backlog of data collection and analysis in a number of areas. In the field of education, 2002 statistics are still being processed. The aim is to complete the 2002 analysis by mid 2004 and, hopefully, the 2003 statistics by the end of the same year. Therefore only values to 2001 are presented.

Indicators and targets measuring progress in relevance, quality and efficiency under the CSP for 9th EDF may need a thorough revision:

- For some, data are not collected on a regular basis but require specific surveys, not yet carried out (E.g. BTEP graduates finding employment within 6 months);
- Targets appear to be excessively high (the target for the above indicator may need to be adjusted to a much lower level of 40%),
- Due to the small value of the indicators, the significance of differences is difficult to demonstrate (repetition and drop-out rates),
- The current inspectorate system is not meeting its targets and support to this area will provide a good indicator of improvement in the quality of the general education system if targets proposed for a new system are met.
- Progression from junior to post-compulsory secondary education is another indicator that measures improvement in the performance of the education sector.

Since the release of funds under budget support is closely related to performance indicators, the choice of the latter is of critical importance. Additional studies into E&T indicators are planned in the preparation of the EDF9 HRD component.

b) Progress in activities

- ***Vocational Training Programme (VTP) - EDF 6 & 7*** ³⁶

Launched in February 1997, the VTP was completed in February 2003, with the end of the technical assistance component, at a final total cost of some € 25 million. (Details on implementation in Annex3, p. 49).

- ***Francistown College of Technical and Vocational Education and Technical College Programme - EDF 8*** ³⁷

While delays in both tendering processes for design and works have been experienced, the works contract was awarded late October 2003 and works are expected to start early 2004. The project has been extended to 31.12.2008 for a more efficient phasing in of the technical assistance team, from six months prior to works completion. Needs in technical assistance have been reviewed in 2003 and the pre-qualification procedure will be initiated in the first half of 2004. (Details on implementation in Annex 3, p. 51).

- ***Augmentation of GTC/ATTC facilities -EDF 8*** ³⁸

The financing agreement of this project was signed in May 2003 providing for 11.8 M€ (3.9 M€ from EDF8 and 7.9 M€ from Government's own resources) to increase training places from 900 to 1500, allowing for larger quotas of disadvantaged groups, and of students with learning difficulties and/or disabilities. The project was launched in July 2003 (Details on implementation in Annex 3, p. 53)

³⁶ 6 ACP BT 047, 7 ACP BT 048 and 049

³⁷ 8 ACP BT 003

³⁸ 8 ACP BT 014, resulting from a feasibility study in 2001 under 7 ACP BT 060

Government's commitment in terms of policy, financing and implementation indicates good prospects for sustainability. Important experience acquired recently (VTP 6-7th EDF) has been fed back into project design and implementation. EDF support to TVET is still too recent to allow for an appropriate impact evaluation. Relevance of the GTC and success of the 6-7th VTP in terms of infrastructures have been confirmed. Efficiency, effectiveness, impact and sustainability will be assessed through evaluations to be carried out in 2004.

- ***Financial implementation in 2003***

The single most important factor for the difference in the 2003 individual commitments and payments forecasts for the focal sector (Annex 6) is the delay in awarding the contract for works (11.48 M€) under 8 ACP BT 003 which will be reflected in the Q1/2004 accounts instead of Q4/2003, and payments in Q2/2004. Delays in obtaining final invoices under the 7th VTP account for a shortfall of some 0.34 M€ in payments in 2003. Payments will be effected in Q1/2004.

c) Cross-cutting issues

Cross-cutting issues are deeply rooted in vocational training programmes. *HIV/AIDS* education is an integral component of all TVET learning programmes, and focuses on an active learning approach. Results are internalisation of the dangers of risk behaviours, freer discussions on subjects such as sexuality, prevention, risk and exposure. Under both the 7th and 8th EDF Vocational Training Programmes, increased access to training for *women and disadvantaged persons* are explicit results, specifically monitored. *Capacity building* is addressed through the provision of technical assistance.

4.2 Non Focal sectors

4.2.1 The Micro-Projects Programme (MPP) - EDF 7 and 8 ³⁹

Three MPPs have been successively funded since 1993 for a cumulative amount of 4 M€, with as purpose to improve communities' livelihoods, particularly in rural areas. The emphasis progressively shifted from the provision of basic services, infrastructure and community development, towards greater social and economic integration and self-reliance. Income generation and education are the main sectors of intervention. MPP3 has been extended by one year to 31.10.04. The MPP confirmed itself as a route for non-state-actors to take up their own development, and is considered as a successful scheme, in high demand from communities and NGOs. Following the completion of the review of the MPP and the finalisation of a strategic framework for MPP4 in 2003, identification and appraisal will lead to the submission of a financing proposal by the end of Q1/2004. MPP 4 will have an even clearer poverty reduction focus than earlier programmes. (Details on implementation in Annex 3, p. 54).

³⁹ 7 ACP BT 007 and 051, 8 ACP BT 004

4.2.2 Natural resource utilisation and conservation

Support from EDF 7 and 8 focuses on conservation, management and sustainable utilisation of rangelands, forests and wildlife, and maximisation of benefits accruing to the rural communities in areas of the country with limited alternative sources of employment and income. Under EDF8 two major interventions have been planned, one in support to wildlife and the other in support of forestry.

Review and evaluations concluded that support from the EDF and other donors to wildlife has had an added value and a real impact on wildlife conservation. Concerns expressed on over-dependence on foreign technical expertise, and to an extent on foreign management, justified the focus of EDF8 on capacity-building.

- ***Wildlife Conservation and Utilisation in Central & Southern Botswana - EDF 7***⁴⁰

Implementation of activities under EDF funding (6.4 M€) was completed at the end of 2001, having achieved most of its anticipated *results* in terms of drafting management plans, establishing parks (Kgalagadi Transfrontier Park), improvement of park facilities, enhanced tourism capacity and opportunities, strengthened research base within the Department of Wildlife and National Parks (DWNP), and opportunities for economic and social benefits of local communities. The Chobe, Central Kalahari and Khutse Game Reserves management plans have however yet to be formally approved. Tourist and management facilities in the Khutse and Central Kalahari Game Reserves are currently being improved under the Domestic Development Fund (DDF) as per the Financing Agreement.

- ***Wildlife Conservation and Management Project - EDF 8***⁴¹

Redesign of the project in 2001 gave a prominent position to institutional strengthening of the DWNP⁴² and to community-based initiatives (through a financing window of € 1 million ear-marked for small-scale interventions). The technical assistance was fielded from September 2002 onwards while various equipment was procured. A slow start and persistent constraints in management necessitated in 2003 a reshuffle of the technical assistance team and change in senior staff. It is hoped that these measures will facilitate project implementation (Details in Annex 3, p. 55)

- The decision of discontinuing the "***Community Forestry Development Project***"⁴³ was made early 2002 due to serious under-performance, with little hope for improvement. Contributing factors were poor design, inappropriate solutions to ill-identified problems, deficiencies in the policy and institutional framework of the project. The project is due for closure in 2004.

⁴⁰ 7 ACP BT 022

⁴¹ 8 ACP BT 010

⁴² Initially identified for financing by the Department for International Development (DFID, UK)

⁴³ 8 ACP BT 002

4.2.3 HIV/AIDS - EDF 7 ⁴⁴

The fight against HIV/AIDS in Botswana has been supported, between 1995 and 2001 (instead of 1998), by the EDF (0.8 M€). In spite of a slow implementation and important delays, the project achieved its results through the establishment and operationalisation of a Sexually-Transmitted Diseases (STDs) Resource Centre for STDs control, and education in the workplace, with support to support NGOs involved in health education and awareness, with a focus on women and AIDS. The project is due for closure.

4.2.4 Private sector development

- The **Botswana Tourism Development Programme** ⁴⁵ was evaluated in 2001. In spite of various constraints related to relevance and implementation (technical assistance contract, staffing of the Department), major achievements are the development of the Botswana Tourism Master Plan and of the Eco-Tourism Strategy, launched in 2002. The latter, aiming at diversifying tourism activities from the current nearly exclusive focus on wildlife, and promoting community participation, is complemented by community-based activities in support of local tourism development. The project has been closed in 2003.

4.2.5 Enhance government's implementation and absorption capacity

- **Support to the Ministry of Finance and Development Planning - EDF 8** ⁴⁶

The project aims at improving the capacity of Government of Botswana (GoB) to manage and co-ordinate external assistance, through support to programming (CSP/IP development for EDF9), aid management (preparation, implementation and monitoring of EDF-financed projects), and training in various areas of the project cycle. The project mid-term review was fielded mid 2003. Its two major recommendations were (i) to undertake a comprehensive training need assessment and (ii) to improve Government Monitoring and Evaluation systems. These will be considered under the project below. (Details on implementation in Annex 3, p. 56).

- **EDF9 preparatory activities - EDF 8** ⁴⁷

Following the signing of the financing agreement in November 2002 and a tendering procedure, a one-year consultancy was launched in July 2003 to carry out studies in various areas and feed back results into the definition of HRD under NDP9, and EDF9 support to the latter. A financing proposal for EDF9 of approximately 32 MEUR is expected in March - April 2004. A consultancy will be contracted early 2004 looking into the involvement of Non-State Actors in EDF9 implementation. Workshops and study tours in specific areas are organised under a one-year work programme. (Details on implementation in Annex 3, p. 57).

⁴⁴ 7 ACP BT 034

⁴⁵ 6 ACP BT 44 and 7 ACP BT 46.

⁴⁶ 8 ACP BT 009

⁴⁷ 8 ACP BT 012

4.2.6 Support to Fiscal Reform in Botswana

Preparatory and legislation work for the launch of the VAT in Botswana was undertaken from late 2000 onwards, marked by the enactment of the VAT Act early 2001, the passing of the VAT Amendment Bill in May 2002 and the launch of the VAT in July 2002. GoB further develops its plans for a reform of tax administration and management, primarily through the establishment of the Botswana Unified Revenue Services (BURS). Drafting the legislation establishing the BURS was completed in 2003 and enactment of the corresponding bill is expected early 2004. In anticipation of its launch mid 2004, a Project Team based in MFDP spearheads its preparation.

The EDF has supported the process of fiscal reform and VAT administration in Botswana under three EDF8-financed decisions (details in implementation in Annex 3, p. 58) and will extend assistance under EDF9:

- A - somewhat disappointing - consultancy by KPMG to **"Facilitate tax administration reform"** ⁴⁸.
- This however laid the basis for the recent decision under EDF9 ⁴⁹ to **"Support tax administration reform"**. The latter will facilitate the launch and implementation of the BURS through the provision of mostly long-term expertise for a period of 2 to 3 years from mid 2004 onwards.
- An **"Adviser to the Secretary for Financial Affairs"** ⁵⁰ has assisted the MFDP from December 2000 to February 2004 with the preparation for introducing VAT and, since July 2002, with its implementation and monitoring, as well as a progressive shift in focus on tax administration reform, preparatory work for the BURS, fiscal policy issues and related capacity-building.
- A **"VAT Administration Expert"** ⁵¹ assisted for 11 months from April 2002 the Department of Customs & Excise in VAT implementation, administration and auditing. Strengthening VAT auditing remains an important area for training.

Financial implementation in the non focal sectors

Forecasts in terms of individual commitments and payments in the non focal sectors have been mostly achieved (Annex 6), with the exception, due to implementation constraints, of payments in respect of the work programme under 8 ACP BT 010, and of the service contract under 8 ACP BT 012. It is anticipated that measures put in place late 2003 and/or early 2004 for these projects aiming at improved management and co-ordination, will smoothen implementation and the disbursement pattern.

Cross-cutting issues relevant to the various projects currently implemented under non-focal sectors are briefly summarised in Table below.

⁴⁸ 8 ACP BT 008

⁴⁹ 9 ACP BT 002

⁵⁰ 8 ACP BT 006

⁵¹ 8 ACP BT 011

Cross-cutting issue Projects	Capacity- building	Environmen t	Gender	HIV/Aids
Micro-project programmes	★	★	★	
Wildlife conservation projects	★	★		
Support to the MFDP	★	★		
EDF9 preparatory activities	★		★	★
Support to Fiscal Reform	★			

While HIV/AIDS did not explicitly appear as an important crosscutting issue under EDF8 support (with the exception of the project supporting the fight against HIV/AIDS), it is essential under EDF9 support currently prepared. Equity (including gender) and capacity building have a prominent place in the preparation of all EDF9 interventions. Training of selected Ministries staff in environmental matters is planned as part of the current support to the MFDP.

4.3 Utilisation of resources for Non-State Actors (NSAs)

A substantial share of the activities undertaken in the context of the Micro-Projects Programmes and the 7th EDF wildlife programme has been carried out through NSAs until 2003. Community-based initiatives have largely focused on tourism-related activities or small-scale commercial activities using locally available natural products. Projects are implemented by communities, often with support from a local NGO. They have a value ranging from € 4,000 to € 80,000. Experience highlighted the need for close monitoring of project activities and for technical support to implementation, particularly where specialised skills are required. Due to implementation constraints experienced by the project 8 ACP BT 010 in 2003, only limited progress has been made in the formulation of a strategy for the implementation of its 1 M€ window for community-based interventions. It is anticipated that these constraints will be lifted in 2004 and that substantial progress be made in the development and approval of a strategy, eligibility criteria and procedures, and the effective dissemination and launch of this activity on the ground.

The formulation of the ToRs for a scoping study has taken longer than anticipated, awaiting for guidelines from the Commission and the ACP Secretariat, and consulting NSAs in country. The study will be launched in Q1/2004. Various areas for involvement of NSAs in the implementation of EDF9, as partners, implementers and/or beneficiaries, will be identified. Following this scoping study, specific support would be appraised, as required.

4.4 Utilisation of Envelope B

A financing agreement has been signed for 30 M€ (8 ACP BT 013, see page 27) to support "Economic Diversification of the Mining Sector" and 1.4 M€ have been allocated to the Africa Peace Facility.

4.5 Other Instruments

Financial implementation of projects financed in Botswana under other EDF instruments, such as the European Investment Bank (EIB), SYSMIN, Emergency Aid, and others is found in Annex 2 (p. 46). Regional co-operation is now dealt under a separate report; only highlights are presented here.

4.5.1 The European Investment Bank

- ***The EIB's role and activity in Botswana***

The Bank's objective is to contribute to the long-term sustainable development of Botswana by providing funding, at very attractive terms, to private or public sector borrowers for economically, financially, technically and environmentally viable projects in all key sectors of the economy.

Loan amounts to be made available for viable investment projects can be substantial: during the 10-year period of the Lomé IV Convention (1st and 2nd Protocols), total commitments in Botswana amounted to EUR 86.4 million (see details in Annex 2).

EIB activity during that period has been focused on two main areas, public sector infrastructure and support to small and medium-scale private enterprises. In the area of *infrastructure investments*, two loans for a total of € 13.6 million were made available to the Botswana Power Corporation (BPC) for the reinforcement of Botswana's interconnections with its neighbouring countries and BPC's high voltage network, and three loans for a total of € 62.9 million to the Water Utilities Corporation (WUC), for the expansion of water supply facilities to the country's major urban centres. These include a *€ 12.5 million loan agreement signed with the WUC in February 2003 for the Francistown Water Supply project*, aimed at the extension of bulk water supply facilities to Botswana's second largest city.

In the area of private sector support, three lines of credit for a total of € 6.5 million were signed with the Botswana Development Corporation (BDC) for the provision of long-term funding to private sector SMEs. A renewed facility could be put in place as and when demand for such funds materialises.

- ***Outlook***

Following signature of the Francistown water supply project at the beginning of 2003, discussions regarding the fulfilment of conditions precedent continued throughout the year. Assuming that these will be concluded soon, project implementation and loan disbursement will start in 2004. The Bank also pursued the discussions concerning a private sector agro-industrial project that had been initiated in 2002; these are now expected to come to fruition in 2004.

Further viable investment projects can be supported through a wide range of financial instruments, from straight equity to ordinary loans and guarantees, provided for under the Cotonou Agreement/Investment Facility. In line with the focus of the Investment Facility, particular attention will be given to possible

projects in the private sector. However, the Bank's approach in supporting investments in Botswana will be demand driven and the extent to which it will be able to commit resources to private sector operations will depend on the macro-economic framework and the continued provision of a business environment which is conducive to private sector initiatives, including the successful implementation of the Government's privatisation policy.

4.5.2 The Centre for Development of Enterprises (CDE)

An agreement has been signed in 2003 between GoB and the CDE on the opening of a local CDE Office in Gaborone.

The Centre for Development of Enterprises (CDE) supports the creation, expansion, diversification and rehabilitation of industrial companies by providing its own expertise or making a non-reimbursable financial contribution, and helping to mobilise financial resources for investments. The CDE supported ten projects in 2002, for a total amount of some € 403,000, mostly in the meat (61%, ostrich farming, meat processing, donkey meat) and textiles (survey on clothing and textiles) sectors, as well as agriculture (rose farming, 20%) and manufacturing (11% food processing).

4.5.3 Regional co-operation

The overall objective of the regional cooperation programmes is to raise the standard of living and improve the quality of life in the region through sustained economic development and growth, which, in the long term, should eradicate poverty and secure peace and structural stability throughout the SADC region.

- ***Technical co-operation***

The EDF has since 1987 supported regional co-operation in Southern Africa through SADC with a total amount of € 492 million.

Thus, SADC received € 141 million under the 6th EDF; € 121 million under the 7th EDF which was subsequently increased to € 129 million; € 121 million under the 8th EDF under the Lomé IV bis Convention, which came into force upon ratification of the Convention in June 1998 and, € 101 million under the 9th EDF with the signing of the Regional Indicative programme (RIP) 2002-2007 in November 2002. For maximal synergy and efficiency, SADC's regional projects may be supported by funds from the European Programme for Reconstruction and Development for South Africa (EPRD) as South Africa is a member of SADC but not eligible for EDF funding.

Whereas activities under the 6th and 7th EDF are mostly completed, programming and implementation of projects under the 8th EDF slowed down considerably due to notably SADC's decision in 2001 to restructure the Organisation. Thus, only about 65% of the amount available was per October 2003 committed. For the same reason programming of the 9th EDF has hardly begun which may lead to a decrease of the budget allocation following the Mid Term Review. Timing of the latter (2nd half of 2004 or early 2005) is yet to be confirmed.

The specific aim of the RIP 2002-2007 is that all SADC countries will become members of a regional Free Trade Area and/or a Customs Union and will to this end improve the implementation of the WTO provisions and have embarked on the EPA

negotiations. Consequently, two main focal sectors were selected since they address the major constraints to economic development and poverty alleviation in the region. These are:

- *Regional Integration and Trade* (35%-45%), which allows SADC member countries to continue pursuing economic liberalization policies at a regional level, within the framework of WTO, which should in turn help the region's producers to improve market access and attract investment into the productive sectors, and
- *Transport and Communications* (35%-45%), which aims to reduce the costs of transport and communications, mainly through better utilization of existing infrastructure and services.

The *non-focal areas* (up to 20%) may include, *inter alia*, programmes in the area of peace and security and capacity building. The involvement of non-state actors will be encouraged in all areas while crosscutting issues, such as HIV/AIDS, environment and gender, will be mainstreamed in all programmes.

The implementation of the various projects under the above two RIPs is monitored and evaluated by a jointly composed EU-SADC Review Committee, which meets once a year.

- ***Political co-operation***

In the spirit and principles of the Berlin Initiative, SADC and EU continued their political dialogue. The Joint Steering Committee met in Tanzania in September and a meeting of Senior Officials was held in Brussels in November. Since these meetings, it is agreed that the situation in Zimbabwe is to be considered in the SADC/EU political dialogue.

4.5.4 SYSMIN

Botswana twice accessed the SYSMIN facility⁵², following a major depression of world metal prices, posing a serious threat to the viability of BCL Ltd, which operates the nickel and copper mine in Selebi-Phikwe, and its ability to continue production in the longer term. SYSMIN operations were aimed at supporting production at BCL together with efforts for economic diversification. Repayment of the interest and loan principal by BCL to Government will provide funds for investment in economic diversification of the region.

*Achievements of the 2nd Sysmin programme*⁵³, completed during 2001, are:

- Drilling campaigns have extended the ore reserve from 40 to 170 million tonnes at Tati Mine near Francistown, providing a basis for a successful mine expansion, including the construction of a wet concentrator under own funds.
- Continued employment of close to 5,000 mine staff and economic spin-off effects. The BCL Mine is indeed of significant importance for the economy at local level (Selebi-Phikwe is the 3rd largest town in Botswana), national level (dependence of Botswana Railways, Botswana Power Corporation and Morupule Colliery on BCL operations) and regional level (Empress Nickel refinery in

⁵² 6 ACP BT 030, closed, and 7 ACP BT 044, now due for closure after final reconciliation of accounts.

⁵³ 7 ACP BT 044

Zimbabwe relies on the supply of metals in matte from the BCL smelter). The financial situation of the BCL, however, remains precarious;

- The BCL pays⁵⁴ interest on the loan at six-monthly intervals into the Re-Employment Account (REA), which has to date funded (i) a study into the potential for economic diversification of the Selebi-Phikwe region (highlighting the complexity of the problem), (ii) a BWP 7 mln loan to the Botswana Development Corporation for the construction of a factory shell for leasing (with however disappointing results); and (iii) a BWP 30 mln loan (already repaid) to Tati Nickel Mining Company to finance water infrastructure at Phoenix Mine. A request has been made by the Ministry of Education to MFDP to consider the building a College of Applied Arts and Technology in Selebi-Phikwe for co-financing by the DDF and the REA.

The project *Economic Diversification of the Mining Sector*⁵⁵ (30 M€) follows the confirmation of eligibility of Botswana's third application for SYSMIN assistance in 1998. The project was officially requested for financing under the country's 9th EDF B-envelope only in July 2002 when the successful re-negotiation of BCL refining contracts with its customers substantially improved BCL's future financial prospects. It aims at ensuring that the operation of the BCL (and hence Tati) continues long enough to permit further diversification of the economy of Selebi-Phikwe, the proving of further ore reserves by Tati up to 300 million tonnes, and the eventual phasing out of the BCL mine operation in an environmentally acceptable manner. (Details on the project and its implementation in Annex 3, p. 60).

Environment is a critical *crosscutting issue* and has a prominent position in the 3rd SYSMIN intervention. Studies and short-term expertise will contribute to capacity building.

4.6 Use of EDF resources

4.6.1 The speeding up of the use of old EDF resources

The global "RAL" ("Reste à Liquidier") at the end of 2003 is rather high: 68.2 M€ for global commitments of 132.1 M€, i.e. 52%. On the other hand, the proportion of "old" RAL amounts to less 2 M€ and represents less than 3% of the total RAL. Most of the RAL is therefore recent. These observations call for two remarks:

- The old RAL has been very substantially reduced through the closure of old projects in 2003 (- 0.72 M€), and even more so in 2002 (- 2,30 M€). It is anticipated that project closure will release a further 2.75 M€ in 2004.
- The recent RAL result from various factors:
 - *Programmes recently launched and/or of a long duration*⁵⁶ (74% recent RAL).
 - *Programmes which have experienced difficulties in implementation*⁵⁷.

⁵⁴ Repayment of the capital is so far in the form of loan notes to Government.

⁵⁵ 8 ACP BT 013.

⁵⁶ This is the case of 8 ACP BT 013 (2003-09, RAL 30 M€), 8 ACP BT 010 (2002-07, 12.40 M€), 8 ACP BT 014 (2003-09, GoB bears most of the initial costs, RAL 3.87 M€), 9 ACP BT 002 (2004-07, approved November 2003, RAL 0.75 M€)

⁵⁷ 8 ACP BT 003 (see page 20, RAL 14.84 M€) and 8 ACP BT 012 (see page 23, RAL 1.53 M€).

There was, in 2002, no obvious ways of rapidly recommitting resources released from the exercise above through any of the four fast tracks identified⁵⁸. The prospects to recommit these funds through the normal programming exercise, be it in focal or non focal sectors, are however good and budget support, now agreed, may open opportunities.

4.6.2 Forecasts for individual commitments and payments in 2004 and 2005

The expected individual commitments in 2004 are unusually high - 34.4 M€, explained by two major ones: the works contract for Francistown CTVE/FTC and TA contract and loan commitment for the 3rd Sysmin Programme. Payments (total of 14.2 M€) are spread equally across focal sector, non-focal sectors and the Non-NIP project. (Details in Annex 6, p. 65)

5. Programming perspectives for the following years

5.1 Integration of new EC / EU policy initiatives and commitments

Recent EC/EU policy initiatives and commitments are summarised in Annex 10.

The CSP (see 5.2.1) is fully consistent with the Community development policy of support to poverty reduction strategies in middle-income countries with unequal distribution of wealth. Interventions in the focal sector, HRD, will contribute to the objectives of sustainable economic development through diversification, of integration in the world economy by increasing competitiveness in global markets, combating unemployment, poverty, and the drain on human capital imposed by the HIV/AIDS scourge. Non focal sectors address the needs for empowerment of communities and NSAs, equity, and capacity building of Government to realise national wealth and redistribute it in quality services for the Botswana population.

Gender equality has a prominent position in the CSP, as testified in the EDF9 intervention framework indicators for the focal sector (Annex 7). Recently completed and on-going projects in E&T have a strong focus on access of women, disadvantaged groups (regions, ethnic groups), students with disabilities or special learning needs. The Micro-Projects Programme also has a very strong focus on equity issues.

The fight against HIV/AIDS attracts significant financial resources in Botswana, from both private and public sources (mostly the USA). Addressing bottlenecks to the utilisation of these resources - rather than providing additional ones - would represent an added value of Community aid, and has been included in the non-focal sectors. Besides EDF support, the EU contributes substantially to the fight against the three "poverty diseases" through the Global Fund: Botswana has been granted in 2003 18 MUSD for its HIV/AIDS proposal, and proposals for tuberculosis and malaria are in the pipeline.

⁵⁸ There is no on going macro-economic support programme in Botswana, nor is there a need for any. The scarcity of projects in place or about to be launched at regional (SADC) level precludes a contribution to the latter from Botswana NIP. There is no education for all fast-track initiative in Botswana. It is not possible to increase the EDF contribution to on-going projects without replacing domestic funds.

Botswana has outstanding achievements with respects of the MDGs of universal free primary education and closing the gender gap. It has adopted an "Education For all" (EFA) plan in 2002. Therefore, in line with the country's specific situation, the focal sector focuses on strengthening HRD management, improvement in quality at all levels and expanding education at post-secondary levels, including vocational training. Support will be channelled through the preferred option, budget support.

Participation of the NSAs in the implementation of the Cotonou Agreement in Botswana through the CSP will be enhanced through a scoping study, planned for Q2-3/2004 through which specific support will be appraised and implemented from 2005 onwards.

Government policy towards specific ethnic groups is inclusive and aims at bringing them in mainstream economy and provision of social services. They are the intended targets of various programmes (Rural Area Dwellers Programme, Community-Based Natural Resources Management) recently reviewed, which will subsequently be adjusted. The need for a truly consultative dialogue with indigenous groups and for recognising their own development aspirations is increasingly acknowledged and addressed. A Constitution Amendment Bill (No 31, 2003) will be tabled in Parliament in 2004, which would enlarge membership of the House of Chiefs to some groups not represented at the moment. The High Court of Botswana is currently reviewing the resettlement in 2002 of the Basarwa (San) from the Central Kalahari Game Reserve on two grounds, constitutional and operational. The EC maintains a dialogue with stakeholders on such matters. Indigenous groups will benefit from the CSP and related interventions in terms of (i) participation of grass-roots organisations (NSAs), (ii) beneficiaries amongst others of the 4th Micro-Project Programme and of the 1 M€ window for community-based interventions under the project "Wildlife Conservation and Management", and (iv) of the equity focus of the HRD component.

In the field of environment and bio-diversity, important pieces of legislation and strategies and plans are being adopted or prepared (see 2.3). Technical expertise may be required. The EDF8 project "Wildlife Conservation and Management" (2002-07) is an important contribution to capacity building in this area. Participation of communities in natural resources management is prominent in the same project as well as in the Micro-Projects Programmes. Natural resources are mentioned as one of the potential areas of intervention under the non-focal sectors of the CSP for EDF9, reflecting the fact that major support to the sector is currently provided under EDF8 till 2007 and there is currently no obvious need for additional resources.

Botswana has outstanding achievements in the field of access of the population to safe water and sanitation. Although the CSP does not include any intervention in these areas, two programmes are on going at regional level: SADC Land and Water Management Project (EDF8) and Support Programme to the Water Sector in the SADC region. The country actively promotes the use of solar energy for housing.

Botswana has ratified a number of international environmental conventions but financial and technical assistance is required to assist the country in meeting corresponding requirements. Such technical assistance could be provided either from the wildlife programme or through the Technical Co-operation Facility (TCF), as appropriate.

ICTs have a prominent place in the EDF9 support to HRD and capacity building under non-focal interventions.

Interventions in terms of capacity building in the focal and non-focal areas aims at contributing to increased economic competitiveness and diversification, revenue collection and cost-efficiency of public expenditure, thereby assisting at the realisation of a domestic environment conducive of trade expansion. Specific technical assistance on the impact of EPAs negotiations on the agricultural sector in Botswana is provided from Community funds outside the NIP. Additional assistance could be provided from the TCF as required.

The TCF planned under EDF9 will indeed also be a tool for enhancing support in areas not specifically earmarked for EDF support, by providing technical expertise and/or supporting participation of important stakeholders in seminars on matters of importance in the context of Community and Botswana policy environment.

5.2 Proposal on a review and adaptation of the CSP

5.2.1 Orientations and allocations of the CSP

Human Resources Development (HRD) had been selected in 2001 as single focal sector (to receive at least 80% of Envelope A of EDF9) for the following reasons:

- ❖ Lack of skilled personnel, further deeply affected by the HIV/AIDS pandemic, has been identified as the principal constraint to development. HRD will support GoB policies for diversification of the economy, creation of employment opportunities and reduction of poverty. Education and Training (E&T) has a prominent place in the Cotonou Partnership Agreement as supporting both economic and social development ⁵⁹.
- ❖ The EC and EU Member States' experience in the sector has been positive. EDF resources available are significant (slightly more than 10% of the NDP8 development budget for E&T). The EC has a comparative advantage in the HRD sector, in view of similar involvement in Europe itself, in Botswana and in Southern Africa, and will complement activities of Botswana's other co-operating partners.

Support to HRD from the 9th EDF will encompass issues of strategic planning, management and co-ordination of the sector; staff development, curricula updating, a National Qualifications Framework, improved quality assurance and control; equitable access to E&T throughout the country through expansion / adaptation of facilities & programmes; modern educational Information and Communications Technology (ICT) infrastructure and pedagogy for e-learning.

The CSP document identified as potential non-focal sectors: sustainable rural livelihoods; micro-projects; HIV/AIDS; trade development; capacity building for civil society; complementary funding towards regional (SADC) programmes.

In particular, the importance of the fight against HIV/AIDS was acknowledged; however specific needs and financing gaps should be better identified. HIV/AIDS is a crucial crosscutting issue to be considered under each and every aspect of EC support in Botswana, in particular in the large Human Resources Development programme. Targeted interventions were considered likely under the non-focal sectors, in support of Government's efforts to face the considerable challenge.

⁵⁹ See Cotonou Agreement, Art 23(a) and Art 25.1(a)

5.2.2 Appropriateness in 2004 of the initial CSP orientations and allocations

The strategy and respective allocations to focal and non-focal sectors remain appropriate and no adaptation is deemed necessary.

Some reserves ⁶⁰ have been earlier expressed on the added value of EC support to major construction works in Botswana, and on lengthy implementation procedures, recently confirmed. The CSP referred to the possibility of adopting a Sector Wide Approach to HRD and of providing support under non-project modes. It has therefore been agreed that the support to HRD resources under the focal sector will consist of an Education & Training Sector Policy Support Programme (E&T SPSP), with as Lead Institution the Ministry of Education, and that resources will be channelled through non-targeted sectoral budget support, monitoring mostly sectoral indicators. Capacity-building interventions in areas clearly beyond the scope of this intervention will be dealt with under non-focal sectors. This decision however relates to the choice of instrument rather than a change in strategy.

Indicators for the 9th EDF focal sector and the logical framework of the CSP (Annex 7, p. 66), refined early 2003 have been further reviewed with the aim of reducing their number, selecting the most relevant ones, including those for which annual sub-targets would be available.

5.2.3 Programming of Envelope A.

Resources available

Initial allocation	39.0 M€
Transfers from previous EDFs (April 2003)	6.5 M€
Further de-commitments and transfers to EDF9 (approx.)	3.4 M€
-----	----
Total resources	48.9 M€

Utilisation / allocation

Augmentation of GTC/ATCC (8 BT 014)	3.9 M€
Support to tax reform (9 BT 002)	0.8 M€
Technical Co-operation Facility (pipeline)	1.4 M€
Micro-Projects Programme IV (pipeline)	4.2 M€
E&T SPSP (pipeline)	32.0 M€

Others non focal (NSAs, capacity-building MFDP, HIV/AIDS) 6.7 *M€

* The latter interventions could most likely absorb more funds.

In the non-focal sectors, identification work has led to the earmarking of 4.2 M€ for Micro-Project IV. It is also proposed to support capacity building (i) in the MFDP and selected Line Ministries (outside the scope of the above E&T SPSP), (ii) NSAs and (iii) specific interventions to facilitate the implementation of the Botswana HIV/AIDS Strategic Framework.

⁶⁰ "Evaluation of EC support to the Education Sector in ACP Countries", Stenback et al., 2001.

An updated chronogramme of intervention and indicative commitment and expenditure schedule is found in Annex 8, p. 69.

Given the fact that EIB loan support is demand-driven in nature and responds to market opportunities, there is very little scope for programming EIB resources. It is however anticipated that EIB support could finance (i) infrastructure projects in water, wastewater, power, transport, telecoms, and municipal infrastructures, (ii) development of SMEs through Global Loans, and (iii) large individual projects.

5.2.4 Envelope B

Out of 52 M€, 30 M€ have been decided for the project Economic Diversification of the Mining Sector, and 1.4 M€ allocated to the Africa Peace Facility.

Botswana's budget has increasingly been under stress for the past years and in particular in 2003/04, as a combination of various factors, each adding to the hardship experienced:

- ❖ Persistent drought conditions have affected agricultural outputs and deprived farmers from their livestock assets. Government has intensified its drought-relief programmes.
- ❖ Following shortly an outbreak of Foot and Mouth Disease in 2002, a second one affected northeastern Botswana early 2003. This resulted in losses in beef exports and in cattle numbers, as well as additional costs to control the outbreak and strengthen prevention and surveillance.
- ❖ An important factor affecting seriously the budget in the last year has been the dramatic depreciation of the USD (-23 % against the Pula), resulting in losses in export values, notably of diamonds, only partly compensated by increased outputs.
- ❖ While HIV/AIDS cannot be considered as "unforeseen event" *per se*, the full costs of control programmes have been quantified only recently (2003) and the scaling up of the fight against the disease has already resulted in dramatic budget reallocations. Some 183 mln Pula had been allocated to the HIV/AIDS programme for 2003/04 while expenditure in the same year rose to 330 mln Pula. The budget 2004/05 increases the initial allocation to the programme to 415 mln Pula (+ 125% compared to previous year). This however can only be achieved by budget cuts in other areas, which do not spare development programmes. Additional expenditure is, at the same time, required in human resources development to compensate for the loss of skills due to the disease.

Additional data will be collected and analysed in the coming months to assess whether there are grounds to mobilise, partly or in full, the remainder of Botswana's Envelope B, through one mechanism or the other, or to transfer resources to the A envelope, and what would be the programming prospects for the use of additional funds.

6. Conclusions

The situation in Botswana and the response strategy laid down in the Country Strategy Paper / National Indicative Programme (CSP/NIP) signed in April 2002 have been reviewed on the basis of the present report and complementary information available.

6.1 Political, economic and social developments

Botswana's has a long-standing record of peace and political stability, democracy and transparency, as well as prudent economic and financial management. Its policy agenda is articulated around economic diversification, employment creation and poverty alleviation; macro-economic stability, financial discipline and public sector reforms; environmental protection, rural development, HRD, the fight against HIV/AIDS, Science & Technology development, and disaster management. In spite of sustained efforts towards economic diversification, the economy remains largely driven by the mining sector, in particular diamonds, and mineral revenue is one of the budget's main determinants. Government adjusts, in the annual budgets and their revision in October, expenditure according to macro-economic projections and anticipated revenue. Achievement of budgets in balance or in limited deficit is at the cost of major cuts in expenditure, including development expenditure.

Data on MDGs and human development indicators to assess the country's progress towards poverty reduction are weak or not yet available for most recent years. Most of them however show a positive trend or remain stable at a relatively high level, and good compared with those for other SSA countries, reflecting the great general development progress Botswana has made since independence in 1966 (when Botswana was one of the poorest countries in the world). In particular, remarkable improvement in service delivery, such as health care, access to safe water and education, has been made. Government has also set up various social safety net mechanisms which contribute to alleviating poverty.

In spite of Botswana's success in economic and social development, the country faces three major challenges: structural high levels of unemployment and poverty, as well as one of the highest HIV/AIDS prevalence in the world. The devastating effects of HIV/AIDS is reflected in the Human Development Index (HDI) of Botswana, which after a steadily increase between 1975 (0.572) and 1990 (0.653), declined thereafter (0.614 in 2003), and the worsening of indicators such as life expectancy and under-five mortality.

In recognition of these challenges, Human Resources Development (HRD) was selected during the programming of the 9th EDF in 2001 as the single focal sector, to address the recognised needs for improvements in relevance, quality, access and efficiency. The global indicative allocation for the 9th EDF amounts to 91.0 M€, of which 39.0 M€ under the A envelope and 52.0 M€ under the B envelope (including 30 M€ from the 8th EDF Sysmin Facility).

6.2 Non State Actors

Non-State actors have been extensively consulted during the preparation of the 9th EDF CSP/NIP. Through the circulation of the guidelines for the MTR and of the draft JAR 2003 for comments, they have further been involved in the process of this MTR. Involvement of NSAs in the implementation of the EDF 9 NIP, as partners, implementers and/or beneficiaries, was extensively discussed earlier during a national workshop organised, in January 2004 in Gaborone, by the F. Ebert Foundation and the Botswana NGO umbrella organisation, BOCONGO. Constraints to efficient and structured dialogue with NSAs are their lack of organisation, appropriate representation and weak information dissemination. A "scoping study" has been commissioned, in consultation with local NSAs, to identify the range of NSAs within the country, their respective strengths and weaknesses, and their needs in capacity-building. Based on the findings of the study, a strategy for increasing their involvement is being developed and a financing proposal for providing the required support formulated and presented for EDF9 financing. As EPA negotiations progress, specific support might be needed to enable NSAs to engage in a constructive dialogue with the Government on trade.

6.3 Cross-cutting issues

Notwithstanding the room for further improvements in the areas of major cross-cutting issues, such as gender equity and environmental considerations, major advances have been made in this respect. Impressive progress towards achieving greater gender equality has been underlined, among other things, in the latest 2003 UN Human Development Report, in which Botswana was ranked sixteenth in the world (alongside Canada and Estonia) in terms of "females serving as legislators, senior officials and managers" (35% in 2002). In the same report Botswana is mentioned among the rather few countries where females are now actually in the majority in the combined category of professional and technical employment (52%). With regard to environmental issues, the Agricultural Resources Conservation Act and Forestry Act will be reviewed, and two important bills will be presented to Parliament in 2004: the Environmental Management Act will ensure a global coherent approach by grouping together the various pieces of environmental legislation; and the Environmental Impact Assessment legislation will render EIA compulsory for major projects. The National Master Plan for Wastewater and Sanitation, the Okavango Management Plan and the National Biodiversity Strategy and Action Plan are further key strategies being prepared to address environmental issues. However, although environmental legislation and planning appears to be comprehensive, implementation remains a challenge. Further capacity building could be envisaged and the EC would be prepared to consider support if required.

Challenges and constraints include the potential conflict between livestock production and conservation of natural resources, and in particular wildlife. The issue of erecting animal disease control fences (in particular in Ngamiland) and fences around protected areas (e.g. Makgadikgadi) to prevent movements of wildlife outside the national park and livestock inside the park, and their potential or actual negative impact on the environment, continues to be debated between various Government levels, Parliament and civil society. The Commission maintains a dialogue with all stakeholders on these matters and has proposed support for policy and/or monitoring studies. This complex issue requires in-depth analysis to allow informed policy and decision-making, open dialogue, and the right level of

resources to build up a viable interface between wildlife, “eco-tourism”, beef production and other related businesses. The Government has directed that a comprehensive study be undertaken into the long-term viability of the Livestock sub-sector, leading to the formulation of a long-term development strategy to promote a viable, affordable, competitive and sustainable livestock sub-sector. This study proposes to look into all relevant aspects (economic and trade, policy and institutional, environmental, socio-cultural, etc.) and is expected to be launched before the end of 2004. Some of the issues at stake will also be considered under the mid-term review of the EDF-financed project Wildlife Conservation and Management, planned for November 2004. Furthermore, a study was requested by the Botswana Ministry of Agriculture from the all-ACP study facility to assess the impact of EPAs on the agricultural sector in Botswana. Should the above issues not be adequately covered by these studies, it might be advisable for a complementary review or a Strategic Environmental Assessment (SEA) to be carried out on relevant policies and development instruments.

6.4 Integration of new EC/EU policy initiatives and commitments

The concentration of EC support on the single focal sector of Education and Training is fully in line with EC/EU cooperation objectives and new policy initiatives and commitments. Major relevant cross-cutting issues, such as gender, private sector, capacity building and institutional development, fight against HIV/AIDS, use of ICTs, specific requirements of persons with special needs or disabilities, and of vulnerable groups, will be closely integrated into the forthcoming sectoral support programme.

6.5 Performance appraisal

Criteria I: Country’s Financial Performance

EDF

· Calculated number of years to complete commitments: ⁶¹	4.96 years > 4 years
· Calculated number of years to complete EDF assigned Funds: ⁶²	17.19 years > 7 years
· Calculated number of years to complete EDF payments: ⁶³	17.35 years > 9 years
· Level of utilisation of the 9 th EDF (A-Envelope + transfers: €45.5m):	10.24%
· (Ass. Funds: 0.05%; Payments: 0.03%)	
· Level of utilisation of B-Envelope (€50.6m):	59.29%

The above statistical figures show a rather weak performance in financial implementation in the past. The reasons for this weak performance include insufficient capacity of the NAO services to fulfill their tasks under the Lome Conventions/Cotonou Agreement, delays in Commission response to addressing effectively the problems encountered, and extended shortage of staff at Delegation level. Some 40% of programmable resources under EDF7 and EDF8 had been allocated to each of the Education and Training Sector and the Natural Resources Sector, in the form of project support, with in both cases large infrastructure components. Tendering and implementation of works contracts are prone to delays. Delays have been incurred in awarding and/or implementing major

⁶¹ (Current allocations - current commitments)/average of commitments for the last 5 years

⁶² (Current allocations - current assigned funds)/average of assigned funds for the last 10 years

⁶³ (Current allocations - current payments)/average of payments for the last 10 years

works, services contracts and/or work programmes ('assigned funds') and subsequent related payments (e.g. €11.48m works contract for the EDF8 Francistown Vocational Training Programme; technical assistance contract under the Wildlife Conservation and Management Programme and the "Economic Diversification of the Mining Sector"). In the meantime, problems and constraints have been gradually addressed and the expected evolution (pipeline of operations to be financed in 2004/2005) shows an anticipated substantial improvement of the country's performance. It is expected that at least 82% of EDF 9 funds will be committed by the the second half 2005. While very substantial, this improvement is deemed realistic on the basis of the submission for approval, at this time, of the financing proposal for Education and Training focal sector support (initially programmed at € 31 million, may be increased to € 42 million, in accordance with the proposal of the MTR exercise), and of the agreed option of disbursing most of the funds to this single focal sector through the Botswana budget, which will very significantly boost the absorption capacity of EDF funds. Close to 60% of global Envelope B resources has been mobilised so far for the financing of the programme Economic Diversification of the Mining Sector under Sysminfunds.

Criteria II: Country's Sectoral Performance - Education and Training

Assessment of Gvt's sector policy commitments set out in the CSP/NIP	On schedule/ good	Roughly on schedule/ sufficient	Delayed/ insufficient
Establishment of autonomous institutions to increase relevance and efficiency of education and training system	X		
Enhanced cooperation between Ministry of Education and other Gvt. departments and training agencies	X		
Expansion of vocational education system to meet demands	X		
Assessment of sector performance achievements			
Financial Input	X		
MDGs in education (Net enrolment rate, primary completion rate, gender ratio, literacy rates ..)	X		

Overall, sectoral performance in education and training can be considered to be good in Botswana. However, reservations have to be made due to lack of data for 2002 and 2003 on some of the sector indicators (due to overstretching the capacity of CSO by the 2001 population census). The formulation of the EDF9 Education and Training Programme takes into account the weaknesses experienced in the selection and monitoring of the relevant indicators to measure progress in achieving the critical aims of improving quality and equitable access to education and training, as well as the efficiency of expenditure in the sector. The government of Botswana is showing a strong policy commitment to education and training.

The sector policy commitments set out in the CSP are on schedule and show potential for increased support, thanks to the move towards sector support for education. This will make for a holistic approach encompassing all levels of the

sector (including primary education), all aspects of which will be hit by the HIV/AIDS epidemic. Botswana's education and training plans and programmes are well anchored both in its national poverty reduction strategy and in its long-term development vision, "Vision 2016", which gives a prominent position to Human Resource Development. Discussions are ongoing to streamline goals and targets which are common to Vision 2016 and the MDGs. These discussions will be encouraged. Cooperation and co-ordination between the Ministry of Education and other relevant Ministries and institutions should be further enhanced with the aim to have clearly defined competencies and to avoid any duplication and improve coherence within the system. Continued efforts should be made to further increase the relevance of the technical and vocational training programmes for the world of work, in particular through an enhanced close cooperation with the interested enterprises.

Given the small volume of external assistance currently flowing to Botswana, needs in coordinating donor interventions, currently ensured mostly by the Government itself, and ensuring their complementarity are not real issues though efforts should be intensified to ensure the best possible cooperation between the Ministry of Education (mainly with support of the EC and also of UK/DFID) and the Botswana Training Authority under the Ministry of Labour and Home Affairs (mainly with support of Germany).

The allocations proposed for education in the national budget are high. The share of education and training in the national budget was 23.7% in 2003/04, an increase compared to previous years. This is also an increase compared to 1990 data, when according to UN data⁶⁴ Botswana spent 17% in education and training. However, the proportion of spending on primary education needs to be increased. In recent years, only 6.5 % of the total expenditure excluding salaries (but including recurrent expenditure disbursed through Ministry of Local Government) was allocated to the primary level compared to 12.2% for the secondary level.

Botswana is on track to reach the MDGs in education. The net enrolment rate was 89.0% in 2002 while the primary completion rate was 94.0% in 2001 (a substantial increase as compared to previous years). The gender ratio has almost reached 100% in primary as well as in secondary and tertiary education. Literacy rates are improving but efforts are still needed. The youth literacy rate increased from 83.3% in 1990 to 88.3% in 2000 while the adult literacy rate increased from 68% in 1990 to 77% in the year 2000. While quantitative achievements in education are impressive, the main challenges for Botswana are reaching out to the remaining 10% of children not in school, to ensure and improve the quality, efficiency and effectiveness of an education system threatened by the HIV/AIDS epidemic and to link training supply with the skills needs of the labour market. These needs can only be addressed through a sector approach backed by increased funding.

Support for the fight against HIV/AIDS attracts very significant resources, both domestic (health spending was increased in the 2002/03 budget by 50 percent) and external (mostly from the USA and mostly from private sources, but also, for example, USD 18 million from the 'Global Fund' for HIV/AIDS, additional support to combat TB and malaria having been requested). In spite of these major efforts, it is too early to assess whether the epidemic is coming under control. Government progressively acquires capacity in terms of knowledge and infrastructure, and meets increasingly positive response to its programmes of routine testing and of roll-out of the ARV therapy.

⁶⁴ EFA Global Monitoring report 2003/2004

While the importance of this epidemic is highlighted in the CSP/NIP and there is a commitment to mainstream HIV/AIDS in all EDF 9 interventions, the gravity of the pandemic has further increased since the CSP/NIP was negotiated, thereby justifying placing the response to HIV/AIDS even more to the forefront of cooperation strategy, in particular - but not exclusively - as part of the substantial support for HRD. The EC's active and continuous engagement with the Government is critical in identifying precise ways of mainstreaming HIV/AIDS into focal sector intervention. In particular, specific attention should be paid to gender aspects, in the context of the much higher HIV prevalence in women than men. It is proposed that EDF9 support for Human Resources Development should strongly emphasise this aspect, primarily through appropriate indicators for disbursements, depending on the approach of sectoral budget support. Specific packages could be envisaged if and where appropriate.

The focus on equity, with respect to access to quality primary and secondary education for the poorest population segments, is critical in Botswana, which has a high Gini coefficient. A significant constraint is the size of the country. Data must be disaggregated to better monitor equity in accessing quality education for the poor. Equity is even more important in the context of HIV/AIDS, which threatens the outcomes achieved in education. In 2003, 38,000 children were registered as orphans. This very recent phenomenon in Botswana calls for the development and implementation of new support mechanisms in various areas: enhancing fostering and coping capabilities, supportive and adapted education systems, psychological support, etc. Human resources and skills development and their relation to the labour market remain very relevant to Botswana. Many of the unemployed are young people with low education and no skills.

'Special Considerations'

Despite being land-locked, and prone to drought, Botswana continues to achieve substantial economic growth. - Although, formally, there is no PRSP process or macro-economic reform programme under way, a Poverty Reduction Strategy was recently approved, which includes a conceptual and cross-sectoral framework for dealing with issues of poverty and poverty reduction. The strategy also defines the administrative and institutional framework for the monitoring of anti-poverty initiatives across sectors. Specific programmes and activities for the strategy have already been included in NDP 9, with particular emphasis on "Human Capital Development and Utilisation" and "Strengthening the Community-Based Natural Resource Management Programme". Both ongoing and programmed EC interventions strongly support these key programme areas.

Botswana continues to pursue sound macro-economic policies. The country has a long and unbroken democratic tradition. Civil and political rights are entrenched under the Constitution and standards of conduct in political, civic and commercial life are high (Botswana now ranks 30th worldwide on the "corruption index" - the highest ranking in Africa).

Overall, it can be concluded that there has been a positive trend in the country's progress towards poverty reduction. Most human development indicators and MDGs remain good compared with other SSA countries, reflecting the great general development progress Botswana has made since independence in 1966 (when Botswana was one of the poorest countries in the world). On the other hand, the HIV/AIDS pandemic is currently, by far, the major development challenge facing Botswana. It is already reversing some of the country's development gains and

threatens to seriously undermine the whole fabric of Botswana society. The very high HIV/AIDS prevalence rate has hit education, training and human resources development particularly hard. Any assessment of the country's needs and performance in the focal sector of education and training must take account of these particularly dramatic circumstances.

The Mid-Term Review of the CSP leads to a favourable assessment of Botswana's sectoral performance in education and training and conclude that the Government's sector policy commitments set out in the CSP are on schedule and show potential for increased support. The concentration of EC support for this focal sector is fully in line with EC/EU cooperation objectives and new policy initiatives and commitments. No revision of the strategy appears required as the rationale and considerations which led to the choice of the focal sector remain valid.

6.6 Commission position on a possible revision of the country financial allocation

In the light of the above analysis and taking into account the special considerations, it is proposed that:

- the country strategy for Botswana, as contained in the CSP and NIP be maintained;
- the funds available under the A envelope be increased by € 11.00 million, and allocated to the focal sector of Education and Training;
- the funds available under the B envelope be decreased by € 11.00 million. €9.60 million will remain in the B envelope to respond to needs under the FLEX mechanisms as well as other unforeseen needs (humanitarian/refugees requirements relating to the consequences of climatic conditions, to the regional crisis (Zimbabwe) and/or to vulnerable groups).
- This proposal includes a transfer of € 11.00 million from envelope B to A.

Signatures

(Stamp)

(Stamp)

.....

.....

National Authorising Officer

Head of Delegation

Ministry of Finance and Development Planning

European Commission in Botswana

Annex 1. EDF 6, 7, 8 and 9 NIP financial implementation by sector

Sector	Capacity- building for planning ¹	Productive sector				Social development			Cross-cutting issues / themes ³	TOTAL	Reliquats	Actual NIP	
		Private sector development	Infrastructures	Services	Food, Agriculture, & Natural Resources ²	Education and Training	Health - HIV/AIDS	Community development					
EDF 6												EDF4	EDF6-NIP
Project Nos		20,33,35	13,44,46	19,39,45	14	1,3,6,7,9,11,15,17,18, 23,24,27,28,29,30,31, 32,34,36,37,38,40,42, 49	47, 48	-	-	5, 26, 41	33,34,35,39,44,48	All others	
Beginning 2003	D	132.344	968.367	6.002.498	87.640	18.716.395	1.835.449	0	0	93.083	27.835.775	736.241	27.099.535
	C	132.344	968.367	6.002.498	87.640	17.922.225	1.835.449	0	0	93.083	27.041.606	736.241	26.305.365
	P	132.344	735.460	6.002.498	87.640	17.922.225	1.786.788	0	0	93.083	26.760.039	503.334	26.256.705
In 2003	D	0	-254.308	0	0	0	0	0	0	0	-254.308	-254.308	0
	C	0	-254.308	0	0	0	0	0	0	0	-254.308	-254.308	0
	P	0	-21.402	0	0	0	33.266	0	0	0	11.864	-21.402	33.266
End 2003	D	132.344	714.058	6.002.498	87.640	18.716.395	1.835.449	0	0	93.083	27.581.467	481.932	27.099.535
	C	132.344	714.058	6.002.498	87.640	17.922.225	1.835.449	0	0	93.083	26.787.297	481.932	26.305.365
	P	132.344	714.058	6.002.498	87.640	17.922.225	1.820.054	0	0	93.083	26.771.903	481.932	26.289.971
D (end 2003) % total		0,5	2,6	21,8	0,3	67,9	6,7	0,0	0,0	0,3	100	1,7	98,3

¹ Capacity-building of Ministry of Finance and Development Planning; ² Food, Agriculture and Natural Resources, incl. Wildlife, Environment, Water, and Minerals; ³ Including equity, gender, poverty, culture, etc.

D = decisions; C = Commitments; P = payments, All in €. "Decisions end of 2002 % total" represents the amount of funds decided at the end of 2002 for a particular sector in the total amounts decided end of 2002.

Annex 1. (ct'd)

Sector	Capacity- building for planning ¹	Productive sector				Social development			Cross-cutting issues / themes ³	TOTAL	Reliquats	Actual NIP	
		Private sector development	Infrastructures	Services	Food, Agriculture, & Natural Resources ²	Education and Training	Health - HIV/AIDS	Community development					
EDF 7												EDF5	EDF7-NIP
Project Nos	13,39,59	1,14,23,24,27,37,43,46,5	-	-	1,4,5,15,16,17,19,22,3 1,38,42,56,58	3,18,25,26,35,40,48, 49,52,55,60,61	34	7,21,51,57	45		14,15,16,17,18,19,46, 49,54	All others	
Beginning 2003	D	882.789	2.023.760	0	0	13.727.469	14.169.441	800.000	1.849.454	50.096	33.503.009	2.365.632	31.137.376
	C	882.789	1.883.729	0	0	13.458.730	14.114.667	685.025	1.849.454	50.096	32.924.491	2.338.661	30.585.830
	P	882.789	1.704.332	0	0	13.172.166	13.037.054	558.489	1.842.130	50.096	31.247.056	2.101.338	29.145.719
In 2003	D	0	-319.428	0	0	0	-7.548	0	0	0	-326.976	0	-326.976
	C	0	-179.397	0	0	-151.183	47.225	-64.491	0	0	-347.845	26.971	-374.817
	P	0	0	0	0	10.926	802.399	-31.112	0	0	782.212	9.755	772.457
End 2003	D	882.789	1.704.332	0	0	13.727.469	14.161.893	800.000	1.849.454	50.096	33.176.033	2.365.632	30.810.400
	C	882.789	1.704.332	0	0	13.307.548	14.161.893	620.534	1.849.454	50.096	32.576.645	2.365.632	30.211.013
	P	882.789	1.704.332	0	0	13.183.092	13.839.453	527.376	1.842.130	50.096	32.029.269	2.111.093	29.918.176
D (end 2003) % total	2,7	5,1	0,0	0,0	41,4	42,7	2,4	5,6	0,2	100	7,1	92,9	

Annex 1. (ct'd)

Sector		Capacity- building for planning ¹	Productive sector				Social development			Cross-cutting issues / themes ³	TOTAL	Reliquats	Actual NIP	
			Private sector development	Infrastructures	Services	Food, Agriculture, & Natural Resources ²	Education and Training	Health - HIV/AIDS	Community development					
EDF 8														EDF8-NIP
Project Nos		1,6,8,9,11, 12	-	-	-	2,5,10	3, 14	-	4	-			All others	
Beginning 2003	D	4,498,915	0	0	0	15,995,000	15,000,000	0	2,500,000	0	37,993,915		37,993,915	
	C	1,375,058	0	0	0	5,220,400	180,000	0	2,325,600	0	9,101,058		9,101,058	
	P	914,563	0	0	0	1,620,789	153,418	0	1,143,023	0	3,831,793		3,831,793	
In 2003	D	-99,769	0	0	0	0	3,880,000	0	0	0	3,780,231		3,780,231	
	C	2,364,024	0	0	0	-55,145	3,880,000	0	15,100	0	6,203,980		6,203,980	
	P	955,265	0	0	0	925,819	23,550	0	597,004	0	2,501,638		2,501,638	
End 2003	D	4,399,145	0	0	0	15,995,000	18,880,000	0	2,500,000	0	41,774,145	0	41,774,145	
	C	3,739,082	0	0	0	5,165,255	4,060,000	0	2,340,700	0	15,305,037	0	15,305,037	
	P	1,869,828	0	0	0	2,546,608	176,968	0	1,740,027	0	6,333,431	0	6,333,431	
D (end 2003) % total		10.5	0.0	0.0	0.0	38.3	45.2	0.0	6.0	0.0	100		100.0	

¹ Ministry of Finance and Development Planning

² Incl. Wildlife, Forestry, Water, Mining

³ Incl. poverty, equity, gender, governance, culture, etc.

D= Decisions, C= Commitments, P = Paid

Annex 1. (ct'd)

Sector	Capacity- building for planning ¹	Productive sector				Social development			Cross-cutting issues / themes ³	TOTAL	Reliquats	Actual NIP	
		Private sector development	Infrastructures	Services	Food, Agriculture, & Natural Resources ²	Education and Training	Health - HIV/AIDS	Community development					
EDF 9													EDF9-NIP
Project Nos	1, 2	-	-	-	-	-	-	-	-	-	-	All others	
Beginning 2003	D	0	0	0	0	0	0	0	0	0	0	0	
	C	0	0	0	0	0	0	0	0	0	0	0	
	P	0	0	0	0	0	0	0	0	0	0	0	
In 2003	D	783.000	0	0	0	0	0	0	0	783.000	0	783.000	
	C	0	0	0	0	0	0	0	0	0	0	0	
	P	0	0	0	0	0	0	0	0	0	0	0	
End 2003	D	783.000	0	0	0	0	0	0	0	783.000	0	783.000	
	C	0	0	0	0	0	0	0	0	0	0	0	
	P	0	0	0	0	0	0	0	0	0	0	0	
D (end 2003) % total		100,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	100,0	0	100,0	

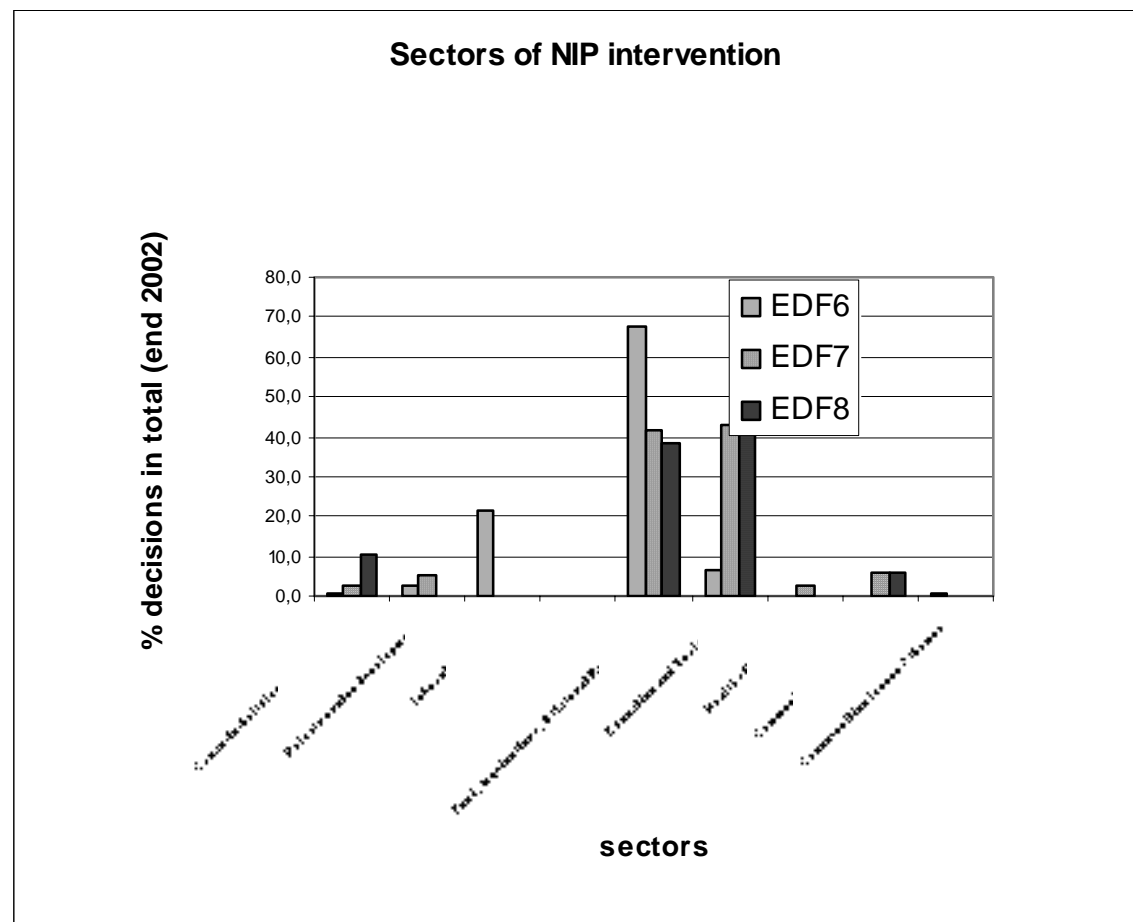
¹ Ministry of Finance and Development Planning

² Incl. Wildlife, Forestry, Water, Mining

³ Incl. poverty, equity, gender, governance, culture, etc.

D= Decisions, C= Commitments, P = Paid

Annex 1. (ct'd)



(EDF9 is not included due to current low level of decision, which would distort the picture)

Annex 2. Non-programmable resources in Botswana under EDF 6, 7, 8 and 9

		Beginning 2003			In 2003			End 2003		
	EDF	D	C	P	D	C	P	D	C	P
Sysmin	6	21,650,000	21,650,000	21,650,000	0	0	0	21,650,000	21,650,000	21,650,000
	7	33,700,000	33,700,000	33,693,017	0	0	0	33,700,000	33,700,000	33,693,017
	8	250,000	127,000	108,091	0	-18,909	0	250,000	108,091	108,091
	9 (Envelope B)	30,000,000	0	0	0	0	0	30,000,000	0	0
	Sub-total SYSMIN	85,600,000	55,477,000	55,451,107	0	-18,909	0	85,600,000	55,458,091	55,451,107
EIB	6	6,630,659	6,630,659	6,630,659	0	0	0	6,630,659	6,630,659	6,630,659
	7	18,978,807	18,978,807	18,978,807	0	0	0	18,978,807	18,978,807	18,978,807
	8	0	0	0	2,100,000	0	0	2,100,000	0	0
	National Development Bank	0	0	0	0	0	0	0	0	0
	Botswana Dev. Corpor.	4,223,085	4,223,085	4,223,085	0	0	0	4,223,085	4,223,085	4,223,085
	Hotel	335,160	335,160	335,160	0	0	0	335,160	335,160	335,160
	Meat sector	1,887,786	1,887,786	1,887,786	0	0	0	1,887,786	1,887,786	1,887,786
	Water sector	16,851,516	16,851,516	16,851,516	2,100,000	0	0	18,951,516	16,851,516	16,851,516
	Electricity sector	2,311,920	2,311,920	2,311,920	0	0	0	2,311,920	2,311,920	2,311,920
	Sub-total EIB	25,609,466	25,609,466	25,609,466	2,100,000	0	0	27,709,466	25,609,466	25,609,466
Emergency	6	802,863	802,863	802,863	0	0	0	802,863	802,863	802,863
	7	231,679	231,679	231,679	0	0	0	231,679	231,679	231,679
	8	0	0	0	0	0	0	0	0	0
	Sub-total Emergency	1,034,542	1,034,542	1,034,542	0	0	0	1,034,542	1,034,542	1,034,542
Others	6	0	0	0	0	0	0	0	0	0
	7	0	0	0	0	0	0	0	0	0
	8 (1)	2,340,000	2,340,000	1,838,558	0	0	153,072	2,340,000	2,340,000	1,991,630
	Sub-total Others	2,340,000	2,340,000	1,838,558	0	0	153,072	2,340,000	2,340,000	1,991,630
6 Sub-total		29,083,522	29,083,522	29,083,522	0	0	0	29,083,522	29,083,522	29,083,522
7 Sub-total		52,910,486	52,910,486	52,903,502	0	0	0	52,910,486	52,910,486	52,903,502
8 Sub-total		2,590,000	2,467,000	1,946,649	2,100,000	-18,909	153,072	4,690,000	2,448,091	2,099,721
9 Sub-total		30,000,000	0	0	0	0	0	30,000,000	0	0
Grand total		114,584,007	84,461,007	83,933,673	2,100,000	-18,909	153,072	116,684,007	84,442,098	84,086,745

(1) Intercongolese dialogue

D= Decisions, C= Commitments, P = Paid

Annex 2 (ct'd). Details of EIB support

Loans from EIB's own resources								
Loan No.	Signed on	Name of contract	Amount signed in EUR	Amount disbursed in EUR	Amount cancelled in EUR	Date of first repayment	Date of last repayment	Amount outstanding in EUR
16330	4/12/1992	BDC GL III	2.500.000,00	2.500.000,00	0,00	31/05/1997	30/11/2004	393.736,57
16705	9/07/1993	BOTSWANA POWER CORPORATION IV	7.000.000,00	3.823.644,00	3.176.356,00	31/12/1996	30/06/2008	1.632.272,08
17063	20/12/1993	BOTSWANA LOBATSE WATER SUPPLY	7.400.000,00	2.927.256,00	4.472.744,00	5/06/1998	5/12/2013	2.097.465,53
17210	14/04/1994	BDC GL IV	2.500.000,00	2.500.000,00	0,00	10/10/1998	10/04/2006	832.199,46
17467	10/10/1994	LOBATSE ABATTOIR	3.400.000,00	0,00	3.400.000,00	n/a	n/a	0,00
18177	23/10/1995	NORTH SOUTH CARRIER WATER	40.000.000,00	40.000.000,00	0,00	20/04/2001	20/10/2015	32.142.970,14
18785	17/06/1996	BOTSWANA POWER CORPORATION V	6.600.000,00	6.176.271,98	423.728,02	20/05/2000	20/05/2011	4.315.785,46
21942	14/02/2003	FRANCISTOWN WATER SUPPLY	12.500.000,00	0,00	0,00	15/09/2008	15/03/2023	0,00
TOTAL			81.900.000,00	57.927.171,98	11.472.828,02			41.414.429,24

Loans from risk capital resources								
Loan No.	Signed on	Name of contract	Amount signed in EUR	Amount disbursed in EUR	Amount cancelled in EUR	Date of first repayment	Date of last repayment	Amount outstanding in EUR
70948	14/04/1994	BDC GL IV	1.500.000,00	269.000,00	1.231.000,00	10/04/2000	10/04/2009	205.400,00
70954	28/04/1994	LOBATSE WATER SUPPLY	3.000.000,00	2.263.632,00	736.368,00	20/04/1999	20/04/2014	1.594.728,75
TOTAL			4.500.000,00	2.532.632,00	1.967.368,00			1.800.128,75

GRAND TOTAL			86.400.000,00	60.459.803,98	13.440.196,02			43.214.557,99
--------------------	--	--	----------------------	----------------------	----------------------	--	--	----------------------

Annex 3

Projects summaries

A. Focal Sector

A.1 Human Resources Development

- Vocational Training Programme - 6 ACP BT 047 / 7 ACP BT 048-049
- Francistown CTVE/VTC Vocational Training Programme - 8 ACP BT 003
- Augmentation of GTC / ATTC - 8 ACP BT 014

B. Non Focal Sectors:

B.1 Micro-Projects Programmes: 7 ACP BT 51 / 8 ACP BT 004

B.2 Natural Resources

- Wildlife Conservation and Management Programme - 8 ACP BT 010

B.3 Capacity Building

- Support to the Ministry of Finance and Development Planning - 8 ACP BT 009
- EDF9 preparatory activities - 8 ACP BT 012
- Support to Fiscal Reform in Botswana - 8 ACP BT 006, 008, 011 and 9 BT 002

C. Non programmable resources:

- Economic Diversification of the Mining Sector - 8 ACP BT 013

6-7th EDF Vocational Training Programme

Project No: 6 ACP BT 047 - 7 ACP BT 048-049 Financing Agreement: 5662/BT of 16.10.1996		Project Amount: total 15 M€EDF + 9.55 M€GoB (up from 4.55 M€)	
Dead line for the start-up event: - (Launched Feb. 1997)		Expiry date: - (ended Feb. 2003)	
Project description			
<p>The project's overall objectives are to provide Botswana with a better-trained labour force, less reliance on expatriate labour, improved productivity and competitiveness in the formal and informal economy, and improved opportunities for (self-) employment of school leavers. Its purpose is to increase the number of school leavers and employees with skills relevant to the needs of the formal and informal sectors. The following results:</p> <ol style="list-style-type: none">1. Physical Training Capacity increased in ATTC (Automotive Trades Technical College) and GTC (Gaborone Technical College) in terms of buildings machinery and equipment;2. Utilisation of training facilities improved in all 6 VTCs (Vocational Technical Colleges);3. Improved professional competence of teachers in the new vocational areas;4. Improved access to training for women, disabled people, unemployed and the semi-skilled. <p>The project, in addition to a large infrastructure component, will provide technical assistance to support programme management and co-ordination and expertise in various areas of vocational education.</p>			
Financial implementation			
EDF funds(in €)	31/12/2002	2003	31/12/2003
Decisions	15,000,000	0	15,000,000
Commitments	14,946,126	53,873	15,000,000
Disbursements	13,826,501	835,664	14,662,165
Progress with implementation			
<p>The project was launched in February 1997 and all activities were complete as of December 2002, with the exception of the technical assistance component, which will end in February 2003. The end-of-project report has been approved. All project funds have been committed and will be paid as final accounts are being processed early 2004.</p> <p>Achievements of project results are briefly described below:</p> <p><u>Results 1 and 2</u>: Increase in the physical capacity of GTC/ATTC and in its use at all VTCs</p> <p>Facilities were handed over in 2001 and are fully operational. Capacity targets have been met utilisation improved at GTC and ATTC, from respectively 51 and 59% in Q3/2001 to 77 and 75% in Q3/2003 and further increase is anticipated. Improvement of utilisation of capacity is slower than anticipated due to delays in the development, validation, implementation and quality control of training programmes.</p> <p>Logframe enrolment targets have been exceeded. Night classes have been significantly expanded since 2002 at both GTC and ATTC and provide an additional valuable access route to new skills and qualifications for the employed, unemployed, un- / semi-skilled workers.</p> <p>25 new Qualifications were introduced during the lifetime of the project and the curriculum offer at both colleges continues to expand. The Botswana Technical Education Programme (Foundation and Certificate Levels) covers 7 areas: engineering, construction, clothing design and textiles, hospitality & tourism, business, information/communication technology, hairdressing & beauty.</p> <p>A significant unanticipated result of EDF assistance to the modernisation of the technical education curriculum was the establishment, in the Ministry of Education, of an Awarding Body to regulate and</p>			

administer BTEP (accreditation of colleges, audit, inspections and external verification). This Awarding Body will soon be integrated into the recently enacted Botswana Examinations Council.

Result 3: Improved professional competencies of teaching staff in selected subjects.

A four-phase in-service staff development strategy has greatly improved teacher competence across all vocational areas. It is progressively expanded and extended to staff of all six colleges.

Result 4: Access to training for women, disabled people and un- / semi-skilled employees.

Interviews and selection, as well as staff training on the latter, takes into account equal opportunity, (including students from disadvantaged regions and those physically challenged) and fair selection. The GTC has now over 10 physically challenged students. Women and men are selected proportionally to the number of males/females who apply. Women currently account for 52 % of the full-time GTC students, but 57 % of all students, including the part-time students.

Francistown CTVE/VTC Vocational Training Programme

Project No: 8 ACP BT 003 Financing Agreement: 6224/BT of 28/03/00	Project Amount: 15 M€EDF + 16.2 M€GoB (up from 12.3 M€)		
Dead line for the start-up event: 01.10.2000 (met with the recruitment of the Technical Advisor - Design)	Expiry date: 30.09.2004		
Project description			
<p>The project's <i>overall objective</i> is to improve the standard of living of school leavers and the unemployed (poverty alleviation). Its <i>purpose</i> is to increase the effectiveness and capacity of the TVET system in Francistown and outreach centres. <i>Results</i> are expected in three areas:</p> <ol style="list-style-type: none">1. Effective and competent management and operation system of the new TVET is ensured2. Relevant competencies matching the current needs of industry and the informal sector acquired by TVET graduates;3. Increased opportunities and equal access to vocational training established. <p>A combined College of Technical and Vocational Education (CTVE) and a Vocational training Centre (VTC)⁶⁵ will be established in Francistown, with four outreach centres for the CTVE in Gaborone, Maun, Palapye and Kanye. Technical assistance will strengthen planning, management and teaching functions. Awareness of opportunities will be raised among women and disadvantaged groups.</p>			
Financial implementation			
EDF funds(in €)	31/12/2002	2003	31/12/2003
Decisions	15,000,000	0	15,000,000
Commitments	180,000	-15,444	164,556
Disbursements	153,418	11,138	164,556
Progress with implementation			
<p>Services of a Technical Advisor - Design were initially financed under EDF funds for an initial period of 18 months from January 2001, and retained under DDF from September 2002 for a period of three years to assist in works tender evaluation and the supervision of the works contract⁶⁶. All stages of design were completed by June 2002.</p> <p>Based on lessons learned from the 6-7th EDF VTP, Government increased the original size of the Francistown Technical College from 500 to 1000 training places in an effort to match the unprecedented demand of 100 applications per training place. This resulted in an extra cost of some € 3.9 million, which will be met by Government. The dimensions of the CTVE remained unchanged. Government also approved an additional 8.6 M€ for staff housing, giving a total cost of 39.8 M€ for the two Colleges ⁶⁷.</p> <p>Delays were encountered at various stages of the mobilisation of the CTVE/VTC works tender: tender strategy and recruitment of the Design Team (3 months), increase in the scope of works design due to the doubling of college size (4 months), and a total of 10 months to obtain the approval by the Commission of the tender dossier and of Rider No 1. The latter extends the programme to 31.12.2008 and allows for the phasing in of technical assistance from mid 2005 (six months prior to works completion) for a period of four years.</p> <p>In 2003, the Rider No 1 to the financing Agreement was agreed in February. The tender for works was</p>			

⁶⁵ CTVE is also referred to as Teacher Training College and the VTC as Technical College (TC)

⁶⁶ As well as mobilising the design stage of the project 8 ACP BT 014 (augmentation of GTC/ATTC facilities)

⁶⁷ In 2002, Government spent BWP 6 million in 2002 in recurrent costs and 2 million for equipment and supplies to establish the interim CTVE in Gaborone . See special conditions paragraph 3.5 of the Financing Agreement

floated mid March leading to the award of contract in October to the joint venture John Sisk and Son (Africa) Ltd and C&H Builders (Botswana) for an amount of some 131 million Pula, following which contract documents were finalised. Works commissioning meeting, formal handover of the site to the contractor are planned for early 2004. The works contract is for a period 24 months and should be completed by March 2006.

Needs in technical assistance in terms of profiles, inputs and budget have been updated in 2003 and a pre-qualification will be launched early in 2004.

Augmentation of GTC / ATTC

Project No: 8 ACP BT 014 Financing Agreement: 6618/BT of 26/05/03		Project Amount: 3.880 M€EDF + 7.924 M€GoB	
Dead line for the start-up event: 01.09.03 (met with the endorsement of the start-up WP on 25.07.03)		Expiry date: 31.08.2009	
Project description			
<p>The project's <i>overall objective</i> is to contribute to the national development objectives of sufficient and equitable access to education, improved opportunities for wage- and self-employment, and improved productivity, competitiveness and innovativeness of the labour force. Its <i>purpose</i> to increase access to, and opportunities for, technical education and training in conducive living and learning environments generally, and for students with disabilities and special learning needs in particular. <i>Results</i> are expected in six areas:</p> <ol style="list-style-type: none">1. Functional Science and Technology Training facilities, for the implementation of foundation courses across all vocational areas and of new programmes in science and technology and the BTE certificate and advanced certificate courses;2. Hospitality and Tourism Training facilities for the provision of foundation courses;3. Facilities and opportunities established for people with disabilities or special learning needs;4. Improved standards and safety of ATTC workshop facilities for a more effective utilisation;5. Improved recreational facilities at both the GTC and ATTC avoiding thereby that teaching facilities are utilised for recreational purposes;6. Effective curriculum development and BTEP implementation across the six technical colleges of the country. <p>The project envisages the construction/upgrading and equipment of relevant training facilities, curriculum development and staff skills upgrading, networking and co-ordination with the industry and stakeholder, improvement of recreational / hostel facilities, and provision of technical assistance focusing on facilitating the nationalisation of the BETP.</p>			
Financial implementation			
EDF funds(in €)	31/12/2002	2003	31/12/2003
Decisions	0	3,880,000	3,880,000
Commitments	0	23,100	23,100
Disbursements	0	12,412	12,412
Progress with implementation			
<p>A start-up work programme was approved, running from 1st August 2003 to 31st January 2004. Planning workshops and essential computer equipment was procured. The Tender Dossier for the Design Stage of the Project is awaiting endorsement by the Public Procurement and Asset Disposal Board. The Design Team will be appointed in the second quarter of 2004.</p>			

Micro-Project Programmes (MPPs)

Project No: 7 ACP BT 051 (MPP2)	Project Amount: €500,000		
Dead line for the start-up event: -	Expiry date: -		
Project No: 8 ACP BT 004 DAGM/99009 of 8th May 2000	Project Amount: €2,500,000		
Dead line for the start-up event: - (started 01.07.00 with signature of the technical assistance contract)	Expiry date: 31.10.2004 (extended by one year)		
Project description			
<p>The <i>objective</i> of the 3rd MPP is to improve living standards through the promotion of social / economic integration and greater self - reliance. Main target groups of the programme are rural dwellers, marginalised groups, women and youth. The objective will be realized through:</p> <ol style="list-style-type: none">1. the provision of social infrastructure and equipment to target groups;2. training aimed at enabling beneficiaries to have a better understanding and participate in social and economic activities in their areas;3. support and creation of micro and small enterprises, income generating activities and social projects. <p>The 2nd MPP has the same basic objective, while less emphasis was placed on income generation.</p>			
Financial implementation (cumulated across decisions)			
EDF funds(in €)	31/12/2002	2003	31/12/2003
Decisions	3,000,000	0	3,000,000
Commitments	2,825,600	15,100	2,840,700
Disbursements	1,635,700	597,004	2,232,704
Progress with implementation			
<p>All fifteen projects undertaken under MPP2 are now completed and the project is due for closure. At the end of 2002, 31 projects had benefited from financing under the 3rd MPP, under one single commitment opened for € 2 million. The focus of projects progressively shifted to more income generating activities. A regional workshop on "Drawing Lessons on MPP in East and Southern Africa" was held in November 2002, allowing participating countries to benefit from experience elsewhere, and the involvement of civil society.</p> <p>In 2003, a further two projects were accepted. A project extension till 31.10.04 together with a reallocation of funds was approved. Medium-term expertise was contracted for 10 months from 1st October to monitor timely completion and closure of projects, their audits and the preparation of MPP4. The review of MPP3 undertaken in July 2002 was completed in March 2003 and a strategic framework for MPP 4 was developed in the 2nd half of the year. Recommendations of the review / strategic framework have been considered in preparing MPP4: (i) there is a need and value added in further funding of MPP; (ii) MPP4 should focus on poverty reduction and improvement of the livelihoods of the target groups, on income generating activities, and on capacity building; and (iii) ownership by the Ministry of Local Government and sustainability must be fostered. A Project Identification Sheet (PIS) is being drafted for MPP4.</p>			

Wildlife Conservation and Management Programme

Project No: 8 ACP BT 010 Financing Agreement: 6001/BT of 06.11.02	Project Amount: 14 M€EDF + 8.8 M€GoB		
Dead line for the start-up event: 30.06.02 (met 22.05.02, award of the technical assistance contract)	Expiry date: 31.12.2007		
Project description			
<p>The project's <i>overall objective</i> is the conservation of wildlife and protected areas and promotion of the sustainable use of these resources to improve employment and income opportunities for the local communities. Its <i>purposes</i> are (i) to strengthen park and reserve management through improved capacity of the DWNP, and (ii) to increase capacity of local communities to participate in management planning and resources management within and outside parks and reserves. <i>Results</i> are expected in five areas:</p> <ol style="list-style-type: none">1. Management of parks and reserves strengthened;2. Local community, private sector and other stakeholder co-operation in protected area conservation and management increased;3. Benefits to the local communities from sustainable natural resources and wildlife management within PAs and elsewhere increased;4. Planning and management decisions better informed by research and monitoring;5. DWNP headquarters and district operations strengthened.			
Financial implementation			
EDF funds(in €)	31/12/2002	2003	31/12/2003
Decisions	14,000,000	0	14,000,000
Commitments	3,879,300	313,811	4,193,111
Disbursements	709,085	913,230	1,622,315
<p>Essential equipment was procured early 2002 to facilitate the operations of the technical assistance (TA) team fielded from September 2002 onwards. Under a start-up work programme, covering the period October 2002 - March 2003, workshops were held in each of the result areas, aiming at drawing lessons from the past and consulting stakeholders. Outputs of these workshops were fed back in the log frame review and formulation of the inception report and 1st annual work programme (AWP).</p> <p>Implementation of the 1st AWP started upon its approval on 22.05.2003 and will run to 31.03.2004, unfortunately at a pace similarly slow as in 2002 due to some managerial constraints.</p> <p>Adjustments were brought late 2003 to the technical assistance team composition and staffing: (i) Upgrading of one of the 2 Community Services Advisers posts to a senior level (SCSA), to be filled by February 2004; (ii) Establishment of an additional TA post (Senior Institutional Strengthening Adviser, SISA) to drive the Institutional Strengthening component, for which the expert is scheduled to take up duty in April 2004; (iii) Replacement of the Chief Technical Adviser late October 2003.</p> <p>Throughout the year the other team members (three Parks Management Advisers, a Community Services Adviser and a Research and Monitoring Adviser) pursued the development of management and monitoring systems and of capacity of counterpart staff. These processes will continue throughout the programme but a great deal hinges on the promptness and success of Institutional Strengthening (Result 5) as it will assist the DWNP transform its activities from a government entity to a parastatal agency with the concomitant development of its human resources and management systems.</p> <p>Implementation of the 2nd AWP will take stock of early experience. Team building and a more focused management and reporting from the consultant are expected during 2004, as well as intensified capacity building activities within both the DWNP and community based natural resources management organisations.</p>			

Support to the Ministry of Finance and Development Planning

Project No: 8 ACP BT 009 Financing Agreement: 6450/BT of 19.06.01		Project Amount: € 1.4 million EDF	
Dead line for the start-up event: 01.07.2001 (met with the recruitment of the long-term technical assistant)		Expiry date: 30.06.2005	
Project description			
<p>The project's <i>purpose</i> is to strengthen and support GoB capacity for the management and co-ordination of external assistance. <i>Results</i> are expected in three areas:</p> <ol style="list-style-type: none">1. EDF supported projects implemented according to time frame and within budget;2. Training of appropriate staff in Project identification and management;3. Botswana-EC development Co-operation Strategy 2002-07 agreed by Government and European Commission. National Indicative Programme for 9th EDF signed. <p>The project provides for 4 years of long-term technical assistance, short-term consultancies, training courses and materials, and limited equipment.</p>			
Financial implementation			
EDF funds (in €)	31/12/2002	2003	31/12/2003
Decisions	1,400,000	0	1,400,000
Commitments	492,343	543,060	1,035,403
Disbursements	227,951	318,541	546,492
Progress with implementation			
<p>The contract for long-term technical assistance was signed for a period of 2 years from 1st July 2001. The draft Country Strategy Paper / Indicative Programme (CSP/IP), discussed and revised in 2001, was signed in April 2002. Preparatory work for EDF 9 was further undertaken under other projects⁶⁸. Limited formal training was undertaken while capacity-building activities were initiated following the assignment of a Planning Officer to the NAO Office from December 2002 onwards, and a programme of training for 2003 was formulated based on an informal Training Need Assessment (TNA) within the Division for Economic Affairs (DEA).</p> <p>In 2003, a 10 month work programme was approved to December, allowing for training in PCM for 20 participants, short overseas training for seven officers, and the procurement of office /computer equipment. The contract for the long-term technical assistance was renewed for another 2 years to 30.06.05. Monitoring and facilitation of projects implementation was, as earlier, a continuous activity. Further preparation work for EDF9 was undertaken through a consultancy in Human Resource Development from July 2003, drafting ToRs for a study on the involvement of NSAs in the implementation of the Cotonou Agreement (both under 8 ACP BT 012), finalisation of the strategy for MPP4 (under 8 ACP BT 004). A MTR was fielded in June 2003, concluding to a broadly satisfactory implementation of aid management and highlighting the needs for a comprehensive training needs assessment, as well as capacity building in monitoring and evaluation.</p> <p>In 2004, support to project implementation will continue to be a major activity along with preparation of a WP covering training activities and short-term consultancies, further appraisal work for non focal sectors under EDF9, and support to co-ordinating the timely contribution of inputs into the JAR 2003 / MTR 2004 of EDF9.</p>			

⁶⁸ Tendering procedure for the consultancy under 8 ACP BT 12 for the appraisal of support to HRD under EDF9; Review of the 3rd Micro-Project Programme (MPP) and strategy for the 4th MPP under 8 ACP BT 04.

EDF9 preparatory activities

Project No: 8 ACP BT 012 Financing Agreement: 6559/BT of 07.11.02		Project Amount: € 1.96 million	
Dead line for the start-up event: 31.12.2002 (met with the launch of the 1 st tender for technical assistance on 23.12.02)		Expiry date: 30.12.2004	
Project description			
The project's <i>purpose</i> is to develop a financing proposal for the Human Resources Development (HRD) Strategy and provide detailed information required for planning under both NDP9 and EDF9. The anticipated <i>result</i> is that significant progress has been made in each major area identified in the Botswana CSP. Important fields are (i) Human Resources Development (6 result areas, including management and co-ordination), (ii) non-focal sectors, and (iii) the role of Non-State Actors. <i>Activities</i> are preparatory studies, providing essential data in respect of policy and strategy formulation, and structure for programmes under NDP9.			
Financial implementation			
EDF funds (in €)	31/12/2002	2003	31/12/2003
Decisions	1,960,000	0	1960,000
Commitments	0	1,691,000	1,691,000
Disbursements	0	432,120	432,120
Progress with implementation			
Upon signing of the financing agreement late 2002 and floating of the tender in December, a one year framework services contract was signed in May 2003, serving as umbrella for various studies aimed at defining important components of HRD under NDP9, and support from EDF9 to the latter. Various experts have been mobilised from July onwards.			
Problems were experienced during the implementation of this consultancy in terms of co-ordination, mobilisation of inputs, understanding of Terms of Reference, and timely delivery of outputs (study reports, project memoranda, etc.). Such issues will be comprehensively addressed early 2004 in order to achieve anticipated results in each of the five "technical" result areas. The target for a draft financing proposal for EDF9 support to HRD was end of Q1/2004 but is likely to be delayed by some months. An agreement has been reached to channel resources through non-targeted budget support. The majority of indicators for the release of successive tranches are anticipated to be related to Education & Training outcomes.			
A one-year work programme 2003/04 running in parallel to the study has allowed for essential capacity building through study tours under the five result areas, learning from experience of other countries in the management and co-ordination of human resources development.			
A study on the involvement of Non-State Actors in the implementation of the Cotonou Agreement will be launched in the first half of 2004. Where needs in capacity-building are identified, specific support could be appraised.			

Support to fiscal reform in Botswana

Project No: 8 ACP BT 006 DAGT/00241 of 29.09.00 and Rider No 1 of 18.12.02	Project Amount: €0.5 million		
Dead line for the start-up event: - (started with the endorsement of TA contract on 01.12.00)	Expiry date: 30.04.2004		
Project No: 8 ACP BT 008 DAGT/01079 of 24.04.01	Project Amount: €80,000		
Dead line for the start-up event: - (started with the endorsement of TA contract on 06.06.01)	Expiry date: 31.10.2001		
Project No: 8 ACP BT 011 DAGT/01263 of 22.11.01 and Rider No 1 of 08.11.02	Project Amount: €197,900		
Dead line for the start-up event: - (started with the endorsement of the TA contract on 22.03.02)	Expiry date: 30.06.2003		
Project No: 9 ACP BT 002 DAGT/3202 of 14.11.03	Project Amount: €750,000		
Dead line for the start-up event: n/a (EDF9)	Expiry date: 31.12.2008 (end of operational phase)		
Projects description			
These various projects aimed at facilitating the process of tax reform in Botswana. They consists mostly of the provision of long- and short-term technical assistance in support of the preparation, launch and administration of the Value Added Tax, reform of Botswana tax administration into a Botswana Unified Revenue Services (BURS), and fiscal policy.			
Financial implementation			
EDF funds (in €)	31/12/2002	2003	31/12/2003
Decisions	777,900	730,231	1,488,362
Commitments	521,700	129,965	651,665
Disbursements	325,598	204,604	530,202
Progress with implementation			
The services of the Adviser to the Secretary for Financial Affairs under <i>8 ACP BT 006</i> were extended further to 03.02.2004, after which closure of the project will be initiated. In 2003, the expert provided further support with implementation of the Value Added Tax (VAT) introduced in July 2002. This included legislation and law interpretation, consultation with various stakeholders from the public and private sector (accounting firms and business communities), improving the VAT administration infrastructure and reporting to MFDP on progress with VAT implementation. Work intensified on the creation of Botswana Unified Revenue Services (BURS) to take over functions currently performed by two MFDP Departments, namely the Department of Customs & Excise and the Department of Taxes. A draft law to establish the BURS was published in late 2003 and passed by Parliament in March 2004. Meanwhile, preparations have commenced with a view to launching the BURS mid 2004. A BURS Project Implementation Unit, established within the MFDP in August 2003, deals with matters such as the BURS legislation, organisation structure, staffing matters, office accommodation, transfer of assets and IT systems.			
Building on earlier appraisal work under <i>8 ACP BT 008</i> , the request for support to the launch of the BURS was			

approved in November 2003 under *9 ACP BT 002* which will provide the services of a long-term expert for 2 years (extendible by 1 year) to be fielded mid 2004, some short-term consultancies, limited equipment and training costs.

Support for VAT Implementation provided by the South African Revenue Services (SARS) under *8 ACP BT 011* continued until February 2003. The expert provided by SARS to the Department of Customs & Excise assisted in areas such as training, law interpretation, issue of rulings and practice notes, audit and investigation work, and building capacity of the VAT administration capacity. The VAT website, developed under the project in 2002, was launched in 2003. The SARS expert was retained for a further seven months (to 30.09.03) under domestic funds while the project is due for closure.

Economic Diversification of the Mining Sector

Project No: 8 ACP BT 013 Financing Agreement: 6577/BT of 21/02/03	Project Amount: € 30 million		
Dead line for the start-up event: 31.12.04 (signature of the contract for the full-time technical assistance)	Expiry date: 31.12.09		
Project description			
<p>The project's <i>overall objective</i> is to reduce Botswana's economic dependency on diamonds, in an environmentally acceptable and sustainable manner. The project's <i>purpose</i> is to ensure that the operations of BCL (and hence of Tati) continue long enough to permit (a) further diversification of the economy of Selebi-Phikwe; and (b) proving of further ore reserves by Tati up to 300 million tonnes (i.e. a level sufficient to justify a major investment in lower-cost and environmentally cleaner hydro-metallurgical processing, in the event that current development work is successful). <i>Results</i> are expected in five areas:</p> <ol style="list-style-type: none">1. Established new ore reserves at BCL's Selebi North Mine and Tati's Phoenix Mine;2. Established new mining sections at the "Phikwe south-east extension" and at Selebi North;3. The maintenance in efficient condition of all existing metallurgical facilities, either till the end of mining operations or the introduction of more efficient technology, whichever comes first;4. Maintenance of an efficient and fully serviceable fleet of mining equipment;5. Detailed recommendations / feasibility studies to guide ongoing planning, integration and rationalisation of the operations of BCL and Tati in respect of the possible phasing-in of the hydro-metallurgical technology, privatisation of some BCL assets, planning of mine closure and environmental rehabilitation. <p>The project provides for procurement of works and supplies, short-term expertise / strategic studies, and 4 years of long-term technical assistance for the co-ordination of the project and facilitation of procurement.</p>			
Financial implementation			
EDF funds (in €)	31/12/2002	2003	31/12/2003
Decisions	30,000,000	0	30,000,000
Commitments	0	0	0
Disbursements	0	0	0
Progress with implementation			
<p>The Financing Agreement was signed in February 2003. A loan agreement to be signed between the BCL and Government was drafted during the year. Its signature is anticipated in the first quarter of 2004. The agreement provides for on lending of up to € 20 million to the BCL Mine to carry out the activities included in the Financing Agreement. Tati Nickel will benefit from a similar on-lending arrangement, for however a smaller amount (€ 2 million).</p> <p>A tender for technical assistance to the Ministry of Minerals, Energy and Water Resources was floated in August and closed in October, leading to the award of a four year contract early December 2003. The long-term technical assistant is expected to take duty early 2004 while short-term experts will be mobilised as and when required. These services will assist the BCL and Tati Nickel in all tendering processes required by the BCL and Tati.</p>			

Annex 4. Government commitments in Education and Training under 8th and 9th EDF NIPs

A. Government commitments under 8th EDF NIP

A.1 *Increase availability and access to Vocational Training and Education (VET), for women in particular. Completion of the expansion programme in six VET centres will increase the capacity of places from 1,540 in 1991 to 5,000 by 1999.*

At the end of 2003, there were close to 7,400 students studying programmes at Botswana's six Technical Colleges, which is more than the double of students enrolled end of 2002 (3,100), thanks to longer opening hours for evening classes and an increase in part-time day students. By December 2003, 550 students were studying full time on the new National Qualification, the Botswana Technical Education Programme (BTEP). The augmentation of GTC/ATTC facilities will contribute to a further increase in training places and to the implementation of the Equal Opportunity policy of the Ministry of Education (MoE). Learning from lessons from the past, Government has decided in the future to build large-size colleges (1,000 places and above) rather than medium-size ones (around 500 places). Both the Francistown CTVE/VTC and the Colleges of Applied Art and Technology (CAAT) at Oodi and Selebi-Phikwe⁶⁹ will accommodate over 1,000 students.

Government's contribution in projects co-financed with the EDF represents over 50%, a very substantial proportion testifying of its commitment to these joint undertaking⁷⁰.

In terms of **equity in access**, enrolment by *women* now generally accounts for 50% of places in all six colleges (from one quarter in 1995). Progress has been made in increasing their proportion in traditional male fields, such as engineering and construction (currently 25% of women at the ATTC, from 10% in 1997). Women represent a large majority of the part-time students, testifying that such programmes do answer their needs and situation. Promoting the training of men in traditionally female activities has been less successful and they account for 25% only of the students in textiles and health & beauty care. Steps are taken to recruit students proportionally across the country and from *disadvantaged groups* (specific ethnic groups and students with physical or learning disabilities). The low proportion of apprentices at GTC benefiting from full sponsorship (less than one quarter) justified the decision to widen the curriculum offer to include the college-based BTEP qualification, which significantly increased accessibility to vocational education. The proposed expansion of GTC/ATTC has a strong focus on equity in access.

A.2 *A Vocational Teacher Training College will be constructed in Francistown to reduce dependency on expatriate teachers (see below).*

A.3 *The Botswana Training Authority (BOTA) will be established by 1998.*

BOTA was established in January 2000⁷¹ with the coming into force of the Vocational Training Act. Its objectives are to co-ordinate vocational training activities, monitor and evaluate the

⁶⁹ A second CAAT in Selebi-Phikwe is under discussion.

⁷⁰ Close to €10 million (40% total) for the 6-7th EDF VTP, and an anticipated €22 million (including staff housing - not part of the initial project, 60% total) for the Francistown CTVE/VTC, and 7.9 M€ for the augmentation of GTC/ATTC (67%). In 2002, Government allocated a further €1.8 million from the Domestic Development Fund (DDF) for technical assistance to nationalise the qualifications developed during the 6-7th EDF VTP, to ensure equity in those colleges which did not directly benefit from the 6-7th EDF VTP.

⁷¹ Following the approval by Parliament of the National Policy on Vocational Education and Training, and the passing of the Vocational Training Act in 1998.

performance of the system, and advise the Ministry of Labour and Home Affairs (MLHA) on relevant policy issues. Progress has been made in clarifying responsibilities ⁷² between the MoE and BOTA.

A.4 *Training projections will be available by 1996.*

A National Manpower Projections study was commissioned by the Ministry of Finance and Development Planning (MFDP) in 2001 to BIDPA which concluded that, to achieve its Vision 2016, Botswana would require total annual net flows of trained citizen manpower of 40,250 between 2000 and 2010 ⁷³.

Programmes so far developed under the BTEP⁷⁴ will address several of the priorities identified. All colleges now offer at least one BTEP programme and it is anticipated that they will all be generally available by the end of 2005. The MoE Policy Advisory Committee approved the Curriculum Blueprint for the technician level BTEP and four programmes are now at an advanced stage of development. In addition, the creation of a National Skills Development Strategy during NDP9 will address the needs of the workforce at craft level under the guidance and regulation of BOTA.

B. *Government commitments under 9th EDF NIP*

B.1 *Maintenance of at least the present share of education and training in national development and recurrent budgets.*

	2000	2001	2002	2003	2004
E&T recurrent / Total recurrent (%)	27	28	28	30	29
E&T development / Total development (%)	12	8	9	7	9
E&T total / Total budget (%)	21.7	20.3	21.3	23.7	23.6

NDP9 allocates 10.4% and 26.7 % of the total government development and recurrent budget to E&T. This does not include allocations for primary schools to Ministry of Local Government.

B.2 *Establishment of a series of autonomous councils and authorities, linking government, private sector, civil society and practitioners, and institutions responsible for regulation and maintenance of high quality national standards throughout the education and training system.*

After the set up of the Botswana Examination Council in 2002, the tertiary Education Council was established in 2003 to guide the development, quality and expansion of the tertiary education. The private sector continues its involvement at strategic and operational level in developing, validating and reviewing new programmes under the BTEP.

⁷² BOTA's responsibilities encompass to (i) promote equitable access to VET, (ii) accredit and monitor institutions offering training up to certificate level to ensure adherence to required standards, (iii) develop and review training standards, (iv) guide the development of courses and curricula, (v) co-ordinate the production of teaching and learning materials, (vi) accredit and register teachers / trainers, (vii) regulate assessment and testing within the VET system, (viii) declare any trade apprenticeable and regulate apprenticeship, and (ix) research in VET areas and dissemination of results.

⁷³ Distribution by trades: commercial, clerical, business & public administration (27%), education training (18 %), transport and communication (15%), craft trade and industrial programmes, construction trades and engineering and allied programmes (each around 10%), others (total of 30%).

⁷⁴ Engineering, construction, clothing design and textiles, hospitality & tourism, business, information/communication technology, hairdressing & beauty.

B.3 *Enhanced co-operation between Ministry of Education and other Government departments and agencies responsible for education and training.*

A Technical and Vocational Education Consultative Forum was established in 2003 to monitor, co-ordinate and direct new initiatives in E&T, sharing resources and best practices. Its membership includes various staff members from the DVET, BOTA, Directorate of Apprenticeship and Industrial Training, and the Construction Industry Trust Fund.

B.4 *Expansion of the vocational education and training system to meet both the labour market and the needs of individuals. See Point A.1 above.*

C. *Indicators and targets for EDF9*

The following *four indicators and targets* were considered of particular value in the CSP EDF9 to measure progress in relevance, quality and efficiency:

C.1 *Number of graduates from E&T system finding sustainable employment or self-employment: target 85% within 6 months of leaving by 2006.*

No data are currently available. Tracer studies are planned for 2005. It is felt that the target of 85% may be unrealistic and that a value of 40% may be adequate.

C.2 *Number of schools inspected within the new inspectorate framework: target 100 % every 3 years by year 2006.*

Current inspections reach 25-30% of the primary schools in each year, i.e. 100% of the primary schools are inspected over a period of 3-4 years. Current inspections reach only 20% of secondary schools each year. The new inspection system would be rolled out in 2006 with targets of every 2 years for primary schools and every 3 years for secondary schools.

C.3 *Non-attendance, drop-out and repetition rates: target 50% reduction in each by 2006.*

Criterion	Year	1997	1998	1999	2000	2001
Repetition rate, primary, %		3.04	3.10	3.33	3.42	3.26
Drop-out rate, primary, %		1.55	2.15	1.97	1.26	1.84
Repetition rate, secondary, %		0.98	0.54	0.50	0.68	0.65
Drop-out rate, secondary, %		0.21	0.22	0.23	0.27	0.25
Progression rate 1ary to 2ary, %		94.8	92.9	95.8	96.4	96.0

C.4 *Progression rate to post-compulsory education: target increase from present 50% to 75% by 2006.*

Criterion	Year	1997	1998	1999	2000	2001
Progression from Junior 2ary to post-compulsory 2ary		41.0	46.6	49.2	51.5	53.2

Annex 5. EDF 6 - 9 (NIP+Sysmin) - Evolution in 2003 of the Remaining to Pay (RAP), Remain to Contract (RAC) and their sum (RAL)

Project		Beginning 2003				2003			End 2003		
Accounting No	Description	Decision	RAP	RAC	RAL	RAP	RAC	RAL	RAP	RAC	RAL
6 ACP BT 40	Wildlife North (Grant)	2.800.000	0	794.169	794.169	0	0	0	0	794.169	794.169
6 ACP BT 44	EDF 4 – tourism development prog (part)	433.630	232.907	0	232.907	-232.907	0	-232.907	0	0	0
6 ACP BT 47	Gaborone VTC (EDF6 portion)	1.692.000	48.660	0	48.660	-33.266	0	-33.266	15.395	0	15.395
7 ACP BT 4	Forestry 1	3.000.000	96.776	253.707	350.484	-89.457	97.845	8.387	7.319	351.552	358.871
7 ACP BT 22	Wildlife South	6.400.000	189.788	15.032	204.820	-72.651	53.338	-19.314	117.137	68.369	185.506
7 ACP BT 34	AIDS/HIV	800.000	126.536	114.975	241.511	-33.379	64.491	31.112	93.158	179.466	272.624
7 ACP BT 46	Ex Edf5 – Tourism	1.476.370	179.397	140.031	319.428	-179.397	-140.031	-319.428	0	0	0
7 ACP BT 44	SYSMIN 2	33.700.000	6.983	0	6.983	0	0	0	6.983	0	6.983
7 ACP BT 48	Gaborone VTC	12.651.370	840.965	26.902	867.867	-765.741	-26.902	-792.643	75.224	0	75.224
7 ACP BT 49	Gaborone VTC (EDF5)	656.630	230.000	26.971	256.971	17.216	-26.971	-9.755	247.216	0	247.216
7 ACP BT 51	Microprojects 2	500.000	7.323	0	7.323	0	0	0	7.323	0	7.323
7 ACP BT 60	DVET augmentation study	78.000	2.600	900	3.500	-2.600	-900	-3.500	0	0	0
7 ACP BT 61	DVET Curriculum Study	78.000	4.048	0	4.048	-4.048	0	-4.048	0	0	0
8 ACP BT 2	Community Forestry .	1.995.000	429.396	653.900	1.083.296	-381.546	368.956	-12.590	47.850	1.022.856	1.070.706
8 ACP BT 3	Francistown FTC/CTVE	15.000.000	26.582	14.820.000	14.846.582	-26.582	15.444	-11.138	0	14.835.444	14.835.444
8 ACP BT 4	3rd Microprojects	2.500.000	1.182.577	174.400	1.356.977	-581.904	-15.100	-597.004	600.673	159.300	759.973
8 ACP BT 6	Adviser to the secretary of Financial affairs	500.000	135.586	127.900	263.486	-14.123	-127.900	-142.023	121.463	0	121.463
8 ACP BT 7	SYSMIN Study	250.000	18.909	123.000	141.909	-18.909	-123.000	-141.909	0	0	0
8 ACP BT 8	Consultancy to facilitate reform of tax	80.000	19.769	0	19.769	-19.769	0	-19.769	0	0	0
8 ACP BT 9	Support to the MFDP	1.400.000	264.392	907.657	1.172.049	224.519	-543.060	-318.541	488.911	364.597	853.508
8 ACP BT 10	Wildlife conservation and management	14.000.000	3.170.215	10.120.700	13.290.915	-599.418	-313.811	-913.229	2.570.797	9.806.889	12.377.686
8 ACP BT 11	TA – Vat administration	197.900	40.747	128.300	169.047	-40.747	-101.834	-142.581	0	26.466	26.466
8 ACP BT 12	EDF9 preparation	1.960.000	0	1.960.000	1.960.000	1.258.880	-1.691.000	-432.120	1.258.880	269.000	1.527.880
8 ACP BT 13	Economic Diversif. Mining Sector	30.000.000	0	30.000.000	30.000.000	0	0	0	0	30.000.000	30.000.000
8 ACP BT 14	Augmentation GTC/ATTC	0	0	0	0	10.688	3.856.900	3.867.588	10.688	3.856.900	3.867.588
9 ACP BT 1	Support economic divers Selebi	0	0	0	0	0	33.000	33.000	0	33.000	33.000
9 ACP BT 2	TA to support tax administration reform	0	0	0	0	0	750.000	750.000	0	750.000	750.000
Sub-total EDF 6		4.925.630	281.567	794.169	1.075.737	-266.172	0	-266.172	15.395	794.169	809.564
Sub-total EDF 7		59.340.370	1.684.418	578.518	2.262.936	-1.130.058	20.869	-1.109.189	554.360	599.387	1.153.747
Sub-total EDF 8		67.882.900	5.288.174	59.015.857	64.304.031	-188.911	1.325.595	1.136.683	5.099.263	60.341.452	65.440.714
Sub-total EDF 9		0	0	0	0	0	783.000	783.000	0	783.000	783.000
Total		132.148.900	7.254.159	60.388.545	67.642.703	-1.585.141	2.129.464	544.323	5.669.017	62.518.009	68.187.026

RAP = Amount contracted - Amount paid
 RAC = Amount decided - Amount contracted
 RAL = Amount decided - amount paid

Annex 6. Achievements of the 2003 forecasts and 2004 and 2005 forecasts

6.1. Achievements in 2003 in terms of individual commitments and payments

	Forecasts		Achievements (shortfall - / excess +)	
Sectors	Individual commitments	Payments	Individual commitments	Payments
Focal sector	11,602,725	2,195,499	-11,547,844	-1,336,286
Non focal sectors, of which	1,886,184	3,546,649	- 150,943	- 1,030,149
8 ACP BT 10	262,857	1,261,758	50,954	-348,529
8 ACP BT 12	1,665,000	1,028,667	26,000	-596,547
Non NIP (8 ACP BT 07 & 13)	-18,909	0	0	0
Total	13,488,910	5,742,148	- 11,698,337	- 2,366,434

6.2. Forecasts for 2004 and 2005 in terms of individual commitments and payments *

	Forecasts 2004		Forecasts 2005	
Sectors	Individual commitments	Payments	Individual commitments	Payments
Focal sector	11,480,000	4,948,523	10,000,000	10,800,000
<i>Projects to close</i>	0	337,835	0	0
<i>On-going projects</i>	11,480,000	4,610,688	10,000,000	10,800,000
Non focal sectors	1,435,150	4,258,694	6,857,741	5,632,236
<i>Projects to close</i>	- 272,447	5,438	0	0
<i>On-going projects</i>	1,707,597	4,253,256	6,857,741	5,632,236
Non NIP (8 ACP BT 07 & 13)	21,493,000	4,962,600	0	6,828,000
Total	34,408,150	14,169,917	16,857,741	23,260,236

* Based on existing projects and 3 projects in the pipeline (MPP4, TCF, E&T SPSP)

Annex 7. EDF9 intervention framework - EC Support to the Human Resource Development Sector in Botswana (CSP)

Targets/Objectives/Results	Performance Indicators	Base-line/starting point	Source of verification	Assumptions
Input indicators	<ol style="list-style-type: none"> 1. National budget % share for education and training at least maintained to NDP8 levels 2. Integrated HR management and co-ordination strategy developed by 2005 	<p>% of NDP 9 Development budget to MoE 10.38%</p> <p>A Study for the preparation of an Integrated HR management and coordination strategy is scheduled to start second half of 2004.</p>	<p>Mid term Review of NDP9 and EDF9 Annual Budget speeches</p> <p>NDP 9 Annual Project Reviews</p>	<p>Availability of reliable baseline data</p> <p>Funding within the non-salary expenditure of the MOE at least maintained at current % of gross Development Budget.</p>
Output indicators	<ol style="list-style-type: none"> 1. All secondary schools inspected every three years and every 2 years for primary schools, within the new inspectorate framework from 2006 onwards (RA3) 2. Interventions to reduce identified barriers to access (gender, social, geographical, etc. in place by 2007 (RA3) 	<p>Current inspection rate is: 1 secondary school every 5 years 1 primary school every 3 years</p> <p>Barriers to access mainly identified. Some initiatives started and others from approved Reports and Studies are at various stages of implementation ⁷⁵</p> <p>ICT policy and strategy for establishing</p>	<p>Inspection records and reports</p> <p>Recommendations of Report on Barriers to Access (See footnote 1) MLG reports</p>	<p>Trained Human Resources ensured by MoE for operationalising new Inspection Framework, E-Learning Centres, Learning resource centres</p> <p>Policy for ICT approved by parliament</p>

⁷⁵ A Comprehensive Report on the Implementation of the Revised National Policy on Education (MoE, 1999); Study on Access to Vocational Education and Training for Students with Severe Disabilities (Casey, 1998); A Report of the Technical Education Gender Study No 1 and 2 (MoE/SIDA, 1995); Report of the First National Survey on Literacy in Botswana (CSO / DNFE 1993); The Missing Children (Kann, Mapolelo and Nleya, 1989); National Commission on Education (1993); Revised National Policy on Education (1994).

	<p>3. 5 pilot education centres for e-learning operational by 2007 (RA4)</p> <p>4. Learning Resources centres established at 7 technical colleges by 2007 (RA5)</p> <p>5. 100% of learners and trainees receiving education on reproductive health, sexuality, HIV/AIDS by 2006 (Cross Cutting Theme {CCT})</p>	<p>Education Centres for e-learning in draft form and expected to be completed by December 2004. (Pilots will be located in existing Education or Community Centres) Master plan for New learning centres to be built currently under development.</p> <p>To date approximately 65% of primary and 95 % of secondary school students receive HIV/AIDS education. Approximately 80% of students in the technical education sector receive HIV/AIDS awareness.</p>	<p>Blueprint for e-learning centres ICT Policy⁷⁶</p> <p>Buildings / equipment handover reports</p> <p>Curriculum Materials/Institutional timetables/HIV committee minutes in Government Institutions (NACA)</p>	<p>Leadership commitment to HIV/AIDS responses is consolidated at all levels of E&T</p>
Outcome indicators	<p>1. Progression to senior secondary education increased by 10% by 2008 *</p> <p>2. Enrolment in vocational education and training in Technical Colleges increased by approximately by 10% by 2006</p> <p>3. Gender balance achieved or improved by 10% in all Technical Colleges by 2008*</p> <p>4. Enrolment of disadvantaged students to Technical Colleges increased by 10% a year until 2008</p> <p>5. Drop-out and repetition rates reduced by 10% by 2008 *</p>	<p>2002 progression rate from Junior secondary to senior secondary is 53%</p> <p>2003 enrolment in vocational Education and Training (VET) in Technical Colleges is approximately 7382</p> <p>In 2003 the percentage of males in Technical Colleges was 60% and the percentage of females was 40%.</p> <p>The number of disadvantaged students in the Technical Colleges is approximately 20 which is 1% of full time students.</p> <p>The total number of primary and secondary drop-outs in 2002 were 5,778 and 3,793 respectively, i.e. 9,571 in total</p>	<p>Annual Education Statistics (CSO)</p> <p>DVET Annual Reports</p> <p>BOTA Annual Reports</p> <p>Reports & statistics from post-compulsory E&T providers</p> <p>Labour market surveys</p> <p>Technical College annual reports and statistics</p> <p>Reports from Non-Formal Education</p> <p>Stats Brief and CSO Educational Statistics</p>	<p>MoE funding of non-salary expenditure maintained</p> <p>Sufficient teaching posts by TSM allocated to DVET to maintain expansion of the Secondary Education Sector</p>

⁷⁶ A new Ministry for Communications Science and technology was established in 2002 and is responsible for ICT policy and strategy; E-learning will be an essential strand of this policy.

Impact indicators (related to Medium-Term National Sector Targets) *	1. Adult literacy rates increased by 10 % by 2008, equal increase across genders	In 2001 approximately 75% and 80% of the male and female adult populations respectively were literate. ⁷⁷	MoE literacy project reports Updated surveys on poverty in Botswana (to organise specifically) Employment planning unit of MFDP	Government and society at large committed to partnership for enhanced economic growth with poverty reduction as main priority, within a stable political environment. Sufficient numbers of Employers and graduates participate in the tracer studies
	2. Numbers and percentage of graduates from E&T systems finding (self-)employment within 12 months increased by 5% by 2006 and 10 % by 2008	Baseline data to be gathered early in 2005.		

* To ensure access of all Botswana to high quality lifelong education and training, with a view to producing self-reliant, knowledgeable and skilled individuals, who will engage in achieving Botswana's development goals and particularly the creation of employment, the reduction of inequity and the eradication of poverty.

⁷⁷ UNICEF 2001

Annex 8. EDF9 updated chronogramme of activities and indicative commitment and expenditure schedule

Focal sector: Human Resources development	2001		2002				2003				2004				2005			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
CSP approved and signed																		
Identification completed																		
Project appraisal completed																		
Financing Proposal approved																		
Financing Agreement signed																		
Tenders and mobilisation launched																n/a *		
Implementation started																		

Initial schedule

Revised schedule

* Tenders: n/a (budget support)

Title		Amount	2001		2002		2003		2004		2005		Total
		EUR 1,000	S1	S2	S1	S2	S1	S2	S1	S2	S1	S2	
Focal Sector: Human Resource Development	Initial	Global commitments				38,830							38,830
		Expenditure					3,650	7,925	11,145	9,550	2,650	1,830	36,750
	Revised	Global commitments					3,880			32,000			35,880
		Individual commitments									8,000		8,000
		Expenditure									5,500	500	6,000
Non- Focal Sectors	Initial	Global commitments				9,400							
	Revised	Global commitments						800	1,385	4,200	3,000	3,700	13,085
		Individual commitments							0	727	3,277	277	4,281

Annex 9. Selected economic and social parameters and indicators of Botswana

Table 9.1. Share of economic activities over the past decade and recent trends⁷⁸

Economic Activity (% total value added)	1991/92	1996/97	2001/02	2003/04
Agriculture	4.6	3.6	2.6	2.5
Mining	37.0	33.9	34.7	34.7
Manufacturing	4.9	4.7	4.0	3.7
Trade, Hotels & restaurants	5.0	10.7	10.9	10.2
Others	48.5	47.1	47.8	48.9
GDP, excluding mining added value	63.0	66.1	65.3	69.3
Total GDP (10 ⁹ Pula)	10.6	12.7	16.9	18.9 ⁷⁹

Table 9.2. Selected recent economic parameters⁸⁰

Indicator	Value	Indicator	Value
GDP growth p.a. %	⁽²⁾ 11.5	Gen. Gov. Exp. / GDP %	31.6
Investments / GDP (%)	15.7	Gen. Gov. Exp. on social sectors / GDP %	14.4
Foreign Direct Investments (USD million)	57	Illiteracy rate	31.5%
Gen. Gov. Surplus or deficit / GDP %	4.3	Life expectancy	⁽¹⁾ 55.7 yrs
Total debt service / GDP %	1.0	% Population living on less than 2 USD per day	⁽³⁾ 61.4%
Rate of inflation %	6.6	Human Development Index rank (UN HDR report 2000)	126
Exports / GDP %	48.7	Rate of unemployment %	16.8
Imports / GDP (%)	36.0		

⁽¹⁾ According to the UN HDR 40.3 yrs in 2000

⁽²⁾ In current prices, Budget Speech 2003/04 (according to CSO, 15.7%); in constant 93/94 prices, 2.3%

⁽³⁾ Period 1983-2000, UN HDR 2000

⁷⁸ Constant prices 1993/94. Source: Annual Economic Report 2004. Republic of Botswana. February 2004.

⁷⁹ By extrapolating data July-December 2003

⁸⁰ Currencies have been converted at the InforEuro rates

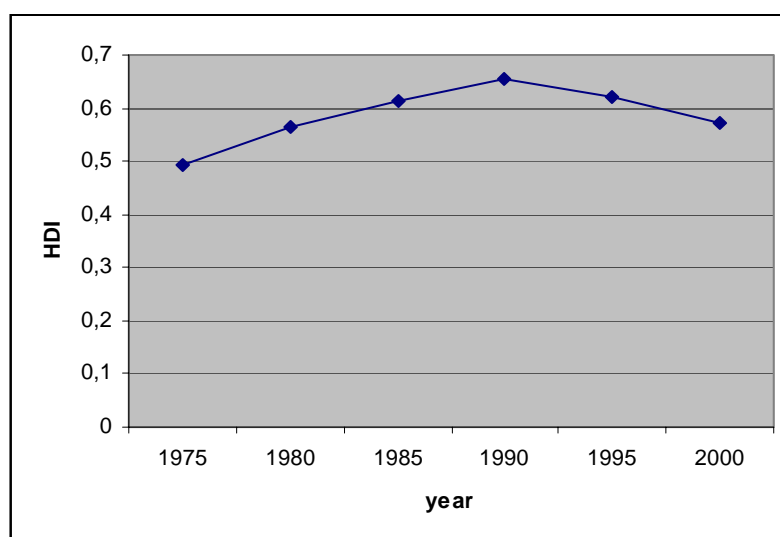
Annex 9. Selected economic and social parameters and indicators of Botswana (ct'd)

Table 9.3. Selected indicators Botswana - Sub-Saharan Africa - Developing Countries

Indicators (%)	Botswana	Sub-Saharan Africa	Developing Countries
Net primary enrolment ratio	84	59	82
Proportion of births attended by skilled health personnel	99	38	56
Proportion of one-year old children immunised against measles	83	58	69
Proportion of population with sustainable access to an improved water source	95	57	78
Under-five mortality rate *	11.0	17.2	9.0
Life expectancy at birth	44.7	46.5	66.4
Human Development Index	0.614	0.468	0.655

* Respective values were, in 1990, 5.8 (Botswana), 18.0 (Sub-Saharan Africa), 10.4 (Developing countries) Human Development Report 2003, UNDP.

Figure 9.4. Evolution of Human Development Index of Botswana ⁸¹



⁸¹ Human Development Report, 2002. UNDP

Annex 9. Selected economic and social parameters and indicators of Botswana (ct'd)

Table 9.5. Evolution of the 10 selected MDGs indicators between 1990 and 2000

Type	Indicator (in %)	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Impact	Proportion of population below USD 1 per day.											
	Prevalence of underweight children (under five years of age)		14.3	15.0	14.5	12.5	12.8	12.8	18.5	18.0		13
	Under-five mortality rate		6.3			5.6		4.5		6.7		7.5
Outcome	Net enrolment ratio in primary education					95.9	96.7	97.9	98.4	98.7	100.1	90.1
	Primary completion rate			77	80	75	78	78	82	81	79	94.3
	Ratio of girls to boys in:											
	- Primary education	107	106	105	103	102	100	100	100	98	99	98.7
	- Secondary education	114	117	116	115	111	114	114	113	112	110	108.4
	- Tertiary education	73	86	91	83	71	77	76	80	77	77	96.2
	Proportion of births attended by skilled health personnel					92.7	92.3	96.6	95.9	94.6	96	95
	Proportion of 1 year old children immunised against measles							74				83
	HIV prevalence among 15-24 year old pregnant women			18.5	24.5	26.1	33.6	34.1	34.7	35.7	30.1	31.2
	- Among 15-19 year old pregnant			16.4	21.8	20.7	32.4	27.2	28.0	28.6	21.5	22.9
	- Among 20-24 year old pregnant			20.5	27.1	31.5	34.8	40.9	41.4	42.8	38.7	39.4
	Proportion of population with sustainable access to an improved water source											96.5

Values obtained from CSO, empty cells where no data have been received.

Annex 10. Recent EC/EU Policy initiatives and commitments

10.1. General

The European Community's Development Policy is to reduce and eventually eradicate poverty. Poverty is a broad concept that includes, beyond the lack of financial resources, vulnerability, and lack of access to a variety of factors that would allow people to have control over own development, enjoy equitable opportunities and life in safer environment.

The Community will support poverty reduction strategies which embrace these various dimensions, are adapted to the individual countries' context, contribute to consolidating democracy and peace, and conflict prevention, the gradual integration of the developing countries into the world economy, sustainable economic, social and environmental development, combat inequality, and build the capacity of both the public and private sector for their respective roles.

The Community will concentrate its interventions in six areas on the basis of their link to poverty reduction and of the added value of Community action: Trade and Development; Regional integration and co-operation; Support to macro-economic policies and promotion of equitable access to social services; Transport; Food security and sustainable rural development; and Institutional capacity building. Good governance, human rights, gender equality and the environment are important issues. Priority is given to least developed and low income countries, taking into account their efforts to reduce poverty, their needs, performance and absorption capacity. Poverty reduction strategies will be encouraged in middle income countries with a high prevalence of poverty.

10.2. Human and Social development

10.2.a *Gender*

The current legal basis for the EC approach is a Council Regulation of December 1998 (expiring Dec. 2003) on "Integrating of gender issues in development co-operation". This approach is two-fold: (i) gender mainstreaming in key-EC development and Cupertino policies and programmes and (ii) specific measures for the empowerment of women through their economic, social, political and environmental roles. The Programme of Action (COM (2001) 295) focuses on mainstreaming of gender equality.

In order to reinforce the political message, the Commission has adopted a proposal for a new Regulation (COM (2003) 465) by the European Parliament (EP) and the Council, which would extend actions in terms of mainstreaming and strengthen the 2nd thrust of its approach. An envelope of 9 M€ for the period 2004-06 is proposed for the purpose.

The EU is also a signatory of various international agreements and declarations, including the Millennium Development Goals, MDGs.

10.2.b *Guidance Note on disability and development for EU Delegations and services*

This note was issued in April 2003 at the occasion of the "European Year of People with Disabilities 2003". It proposes to guide EC staff in their daily work in various areas: understand the scale, impact and diversity of disability in the country setting, advocate and support the "human rights" model (rather than charitable or medical), pursue a twin-track approach (mainstreaming and specific interventions, in particular in the CSP and EU-funded programmes), recognise women and children with disabilities as groups further marginalised, include disabled people in the workforce, act as facilitator, and ensure disabled-friendliness of EU's own services.

10.2.c Core Labour Standards and Corporate Social Responsibility

The four core labour standards (CLS) contained in the 1998 Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO) concern the freedom of association and right to collective bargaining, the elimination of forced or compulsory labour, of child labour, and of discrimination in respect of employment and occupation.

Corporate Social Responsibility (CSR) aims at developing more socially and environmentally sound products, services, processes and relations with society through collaboration of the business community with governments, NGOs, consumers and investors.

Various EU Institutions (Commission, EP, and Council) have committed themselves, through various instruments, to support both CLS and CRS. Negotiations are on going for a strategic partnership with ILO as key-institution for social governance in the promotion of CLS and of CSR. Clauses on CLS have been included in various bilateral agreements as well as in the Cotonou Agreement.

10.2.d Health, AIDS and Population

With a view to contributing to the achievement of the MDGs in the field of health (under-five and maternal mortality rates, spread of HIV/AIDS and incidence of malaria and other major diseases), and to guiding investments in health, AIDS and population, a Commission Communication and Council Resolution on "Health and Poverty Reduction in Developing Countries" were adopted in 2002. The fight against three major communicable diseases (HIV/AIDS, malaria and tuberculosis) and improvement of sexual and reproductive health and rights are given prominent positions.

The Communication has four objectives: (i) improve health outcomes, especially in the poorest countries; (ii) maximise health benefits and minimise potential negative effects of EC support to other sectors, (iii) equitable and fair health financing mechanisms, and (iv) investment in the development of specific global public goods. In its Resolution, the Council reaffirms the EU support to achieving health development goals, in particular for those countries working towards the Abuja targets for investments in health (15% of national budgets).

The EP & Council adopted two regulations in July 2003, both with a triple purpose:

Aid to fight poverty diseases: optimise the impact of existing interventions, services and commodities; increase the availability of key-pharmaceuticals and diagnostics for the 3 diseases, and increase research and development, including vaccines, micro-biocides, and innovative treatments (Regulation 1568/2003);

Aid for policies and actions on reproductive and sexual health and rights in developing countries: secure the right of women, men and adolescents to good reproductive and sexual health; enable the latter to have access to a comprehensive range of high quality, safe, accessible, affordable and reliable reproductive and health care; reduce maternal mortality and morbidity rates.

Sector Wide Approaches are promoted wherever possible and support is increasingly channelled through sector support and general budget support. Geographical funds and specific budget lines are available, from which contributions to the Global Fund to combat HIV/AIDS, tuberculosis and malaria (created in 2001), in parallel with the adoption of corresponding EC Strategy and Programme for Action 2001-2006. The EU as a whole is the largest contributor to the Global Fund (55% total or 1,111 MUSD paid to date, of which 36% from the EC) followed by the USA (623 MUSD).

10.2.e Education

As for health, the Commission and the Council adopted in 2002 respectively a Communication on "Education and Poverty Reduction in Developing Countries" and a Council Resolution on "Education and Poverty", further strengthened by an EP Resolution in 2003.

Priorities are (i) the achievement of the MDGs in the field of education, i.e. universal and free primary education for all children, with a particular view of closing the gender gap, (ii) a balanced strategy encompassing secondary and higher education, vocational training and adult literacy in line with the wider objective of Education for All (EFA), (iii) focus on most urgent needs and

disadvantaged groups, and (iv) reflect the causes and impact of HIV/AIDS on education and instrumentalise education to confront the spread and consequences of the epidemic. There again, preference is given to budget and/or sector support, and capacity building to create the right conditions for financial support where required. The EU supports the Fast-Track Initiative (FTI) of the EFA to help low income countries to achieve the MDG of full primary education to all children by 2015.

In both health and education, close co-ordination and harmonisation of procedures is achieved between the EC and EU Member States.

10.3. Governance

10.3.a Participation of NSAs

The Cotonou Partnership Agreement and a Communication from the Commission⁸² highlights the need for a true participation of all segments of society (private sector, the economic and social stakeholders and all forms of civil society) in the development process, including policy formulation, implementation and review, as a fundamental principle to ensure ownership and sustainability of development policies, and to consolidate democracy and accountability. Recognition of NSAs is based on the extent to which they address the needs of the population, they are democratically and transparently organised and managed, and their specific competencies. Small and grass roots organisations, which have the capacity to reach and represent vulnerable and isolated groups, and local communities and their knowledge, are given particular attention. The strategy for their participation is articulated around three elements: (i) involvement in policy and strategy decision, implementation and review, (ii) capacity-building to enhance this involvement, and provision of financial resources to support local development processes.

10.3.b Indigenous minorities

Following a Commission Working Document in May 1998, the Council adopted a Resolution in November 1998. The resolution recognises that partnership with indigenous people is essential to poverty reduction, sustainable natural resources management (in particular through the link between culture, use of natural resources and bio-diversity), human rights and democracy. Disadvantage and vulnerability of indigenous populations stems from economic, social and political marginalisation. They must shape their own social economic and cultural development and identity, and these concepts and rights must be recognised. The EU commits itself to support economic, social and cultural well being of indigenous people, benefiting from sustainable development and participating fully and freely in all aspects of society. Strategies include integration of their needs and participation in development co-operation, communication and liaison, awareness of opportunities, economic empowerment, participation in community-based strategies and interventions, promotion of trade of indigenous peoples' products, specific and prioritised capacity building and education.

10.4. Environment

10.4.a Integration of environmental considerations into development policy

The EP and the Council adopted a regulation (2493/2000) on measures to promote the full integration of the environmental dimension in the development process of developing countries as an essential element of sustainability. The Council further adopted a Conclusion on corresponding

⁸² Communication of the Commission to the Council, the EP and the Economic and Social Committee, COM (2002) 598 - 07.11.2002)

strategy. Development co-operation must support partner countries in reversing the trends in loss of environmental resources and productive basis for rural livelihoods and fostering sound management of natural resources. The strategy encompasses building awareness, participation and management capacity, systematic utilisation of Strategic Environmental Assessment (SEA) when preparing sectoral programmes and infrastructures, and of Environmental Impact Assessment (EIA) for projects; monitoring on the basis of internationally agreed environmental indicators; regional co-operation on the management of regional and trans-boundary natural resources.

10.4.b Bio-diversity Action Plan for Economic and Development Co-operation⁸³

The sustainable use of bio-diversity, an asset of many poor communities, and fair and equitable sharing from its benefits could contribute to poverty reduction and conservation of bio-diversity. The Action Plan identifies seven principles: (i) ecosystem approach, (ii) participation of stakeholders, (iii) consistency with wider policy framework, (iv) quality of institutional arrangements, (v) quality of information, (vi) framing in the national structures, process and capacities, and (vii) fair and equitable sharing of the costs and the benefits from bio-diversity conservation. Actions include mainstreaming into national plans and strategies, as well as in CSPs; safeguarding rights of indigenous communities and equitable sharing of benefits arising from the use of their knowledge and practices, and increase their awareness of the economic value of bio-diversity, support policies of co-management and decentralisation.

10.4.c Water Initiative

The Water Initiative, prepared by the Commission, recognises that water, in particular safe water and sanitation, currently inaccessible to 40% of the population in Africa, is central to sustainable development and poverty reduction. The Water Initiative proposed to establish a Water Fund of € 1 billion to assist ACP countries to achieve the MDG of halving the number of people without access to safe water and sanitation by 2015. The Fund would serve as catalyst for private and donor investments, building bridges and foster dialogue with global or sectoral institutions. The creation of the Fund is yet to be approved by the Council.

10.4.d Desertification

The EU has a strategic agenda for implementing the International Convention on Desertification (1994). The Action Plan proposes to support the development of national action programmes to combat desertification and for sustainable dry land management, with effective participation of communities and decentralisation, strengthen ability and motivation of communities to address dry land degradation, secure land rights, support access to appropriate technology and build on traditional knowledge and skills.

10.4.e Climate change in the context of development co-operation⁸⁴

Climate change is an additional factor of vulnerability, in particular in Least Developed Countries, likely to aggravate poverty. Therefore climate change should be taken into consideration in development co-operation policies. Partner countries should be supported in meeting the challenges posed by climate change and in the implementation of corresponding international agreements. Priorities including the support to national strategies, raise the policy profile of climate change, support adaptation to, and mitigate the causes of, climate change, capacity building, research and scientific / technological co-operation, promotion of renewable energy and energy efficient technology, monitoring indicators and country specific response.

⁸³ The Commission issued a communication (COM (2001) 162) which led to the Council's Conclusions on a Biodiversity Action Plan for Economic and Development Cooperation.

⁸⁴ Communication from the Commission to the Council and the European Parliament - COM (2003) 85, 11.03.2003.

10.5 Information and Communication Technologies

The Commission adopted a communication to the Council and EP on "Information and Communication Technologies in Development - the role of ICTs in EC development policy" (COM (2001) 770 final - 14.12.2001)

The Communication recognises that ICTs provide:

- an important tool for more efficient and effective aid delivery (through reduction in cost making specific activities feasible or affordable, facilitation of data handling and analysis, awareness and adaptation to local needs) and
- are increasingly important elements in the economic and social fabric of countries world-wide. Increased access by the poor to ICTs can contribute to poverty reduction.

A more systematic approach to the use of ICTs in development is needed, as well as monitoring of the cost-efficiency of ICTs through performance indicators. Otherwise if misapplied, ICTs could further marginalise the poor and disaffected, and add "the digital divide" to the existing social and economic inequalities.

The Community can create awareness on potential benefits of new ICT policies and support policy development, in full respect of ownership by partner countries. The EC will support and use ICTs, not as a priority sector for Community development co-operation, but as a tool to achieve the objectives within focal areas and crosscutting themes of the CSP.

10.6. Trade

The Commission issued a Communication to the Council and EP on "Trade and development - assisting developing countries to benefit from trade" (COM (2002) 513 final - 18.09.2002).

This communication aims at spelling out the way the EU can fulfil its global commitments (Doha, Monterey and Johannesburg) in support of the efforts of developing countries to better reap the benefits of trade and investments. It highlights the potential of trade in fostering growth, poverty reduction and catalysing sustainable development, hence the inclusion of trade among the six priority areas for Community development co-operation. Trade reform must be part of a wider country-owned poverty reduction strategy, assisted by better domestic policies and external support. The communication identifies elements essential for a better contribution of trade to economic growth and sustainable development through the integration of trade and development strategies. It underpins multilateral trade negotiations under the Doha Development Agenda, bilateral and regional initiatives and regional integration as vehicles for improving market access and rules. Areas for capacity-building in trade-related matters include: negotiations of WTO and multilateral trade agreements, and for their implementations; support for policy reforms and investments, for domestic policies conducive of trade, investment and private sector development; support for the development of relevant regional markets and institutions. The need for coherence and synergies at all levels is stressed. A number of concrete actions are proposed.

Annex 11. Botswana Environmental Profile

11.1 Environment and development

Government sees sustainability as a strategic development concept, linking population, the economy and natural resources in the broader context of socio economic development. Botswana's long term development strategies are based on four pillars:

- Human resources development
- Sustainable use of natural resources
- Sustainable economic growth and diversification
- Democratic institution with a market economy

These development objectives are reflected in successive National Development Plans since independence, and in the country's long-term vision, "Vision 2016: towards Prosperity for all". The latter gives a prominent position to environmental matters, natural resources development and utilisation, sustainable growth, and poverty reduction.

11.2 Institutional

11.2.1 Public institutions

Botswana's commitment to the sustainable use of natural resources was re-affirmed in 1990, with the creation of National Conservation Strategy Co-ordinating Agency (NCSA), responsible for co-ordinating Government's efforts to handle a number of environmental challenges, among which: growing pressure on water resources, degradation of land, over-exploitation of some veld products, depletion and conservation of wildlife resources, biodiversity, climate change, energy and low public awareness of environmental problems.

In 2002 the Government of Botswana established the Ministry of Environment, Wildlife and Tourism (MEWT) as the main institution responsible for the management and protection of the environment. It works with various other technical ministries to address environmental issues at national and international level.

11.2.2 Non State Actors (NGOs, CBOs, private sector)

During the last two decades Botswana has seen an increase in the number of NGOs and CBOs having programmes geared towards natural resources conservation. The first tends to be more advocacy oriented whilst the second seems more project based. The Government recognises the complementarity of their role in sustainable development, in particular as concerns advisory, education, monitoring, service provision and encourages their participation. However, with the decrease of donors and funding, NGOs are facing significant financial problems and lack resources to implement environmental programs. In Botswana a number of private companies also support conservation of natural resources.

11.3 Environmental policies / plans and legislation

The National Policy on Natural Resources Conservation and Development rests on a strategy aiming at:

- Increase the effectiveness with which natural resources are used and managed.
- Maximise the conservation of natural resources.
- Integrate the efforts of the Ministries and Non-Government groups.

Following the establishment of the MEWT, for the very first time, an Environmental Chapter has been included in the National development Plan (NDP 9).

National environmental legislation covers a wide range of environmental and natural resources matters. The main environmental pieces of legislation are:

- National Conservation Strategy,
- The wildlife conservation and National Parks (1992);
- Water Act (1968)
- Herbage preservation Act (prevention of fire) (1977)
- Disease of Animals Act (1977)
- Forest Act
- Agricultural Resources Conservation Act
- Waste Management Act (1998)
- Tourism Act (1992)
- Tribal Land Act
- Atmospheric Pollution (Prevention) Act
- Fencing Act
- Plant diseases and Pest Act

Law implementation and enforcement by various ministries and departments need some improvement. Various legal instruments are somewhat overlapping, reason why the MEWT has been requested to review the legislation with the aim of harmonising the various laws and acts in an Environmental Management Act ensuring a global approach. A legislation on Environmental Impact assessment (EIA) will also enter into force, making compulsory the EIAs for large projects. The Government has stressed the need for expertise in environmental legislation and would appreciate EU assistance. Resources scarcity and inadequacy of skills in law enforcement constrain environmental and administrative performance.

Efficiency of legal instruments is also limited by their over reliance on command and control. The MEWT therefore proposes that more emphasis be placed on participation in future legislation. Enforcement further assumes the existence of efficient monitoring mechanisms to identify and penalize contravening parties and to take appropriate action, which are not yet fully operational in Botswana.

11.4 International Conventions and protocols

Botswana is a party to most of the UN Multilateral Environmental Agreements (MEAs). These include:

- UN Framework Convention on Climate Change
- UN Convention to combat desertification
- The Convention on Biological diversity
- The RAMSAR Convention on Wetlands
- The Convention on International Trade in Endangered Species (CITES)
- The Basel convention
- The Convention on the Protection of the World Cultural and Natural Heritage
- The Montreal Protocol

Several of these conventions and protocols are implemented by the Department of Meteorological Services within the MEWT, which has been designated as the national focal point. The effectiveness of most of these conventions has not been evaluated yet because the strategies and action plans are not in place yet. However, the Government underlines that donors' financial and technical assistance will be necessary to build capacity and transfer technology and know how for the implementation of the MEAs.

11.5 State of Environment and major challenges

The country is arid to semi-arid with highly erratic rainfall. The national average rainfall is 475 mm per year, which is half of the global average annual rainfall.

The elephant population (123,000) is twice the national carrying capacity (60,000), and the majority (70%) of the elephant population occurs outside protected areas, resulting in increasing human-elephant conflicts and alteration of the composition and structure of the woodland vegetation community. The Elephant Management Plan developed in 1991 did not succeed in addressing the issue of the elephant numbers. Consequently a revision of policies and strategies is required the sustainable management of the elephant population.

Poverty is identified as a major cause and consequence of environmental degradation and natural resources depletion. The Community-Based Natural Resources Management is one of the strategies adopted to improve natural resources management, especially on communal lands outside of protected areas and aimed at the same time to address poverty reduction and economic empowerment through sustainable use of natural resources.

- *Biodiversity*

There are in Botswana 3000 recorded plants species, over 160 mammals, and 560 bird species. The major pressures on biodiversity result directly from the increasing human and livestock populations, increased incidence of fire, rangelands degradation, arable agriculture, fuel wood collection, hunting of veld products, tsetse spraying and tourism.

- *Atmosphere and climate change*

Analyses of temperature over a thirty -year period show an increase in maximum temperature. The impact of climate change is increase in temperature and reduced rainfall thus affecting the ground water supplies resulting in less moisture in the soil and less vegetation cover.

- *Water*

Ground water is the main source of potable water supply in the country and is meager. Surface water resources are very limited with an annual run off depth estimated at 1.2 mm. The main pressure on water resources arise from pollution and aquatic weeds.

- *Waste*

Indiscriminate dumping of waste and widespread littering have become serious problems following the improved standard of living. Waste management in institutions and in some laboratories is at very rudimentary stage. There are no special arrangements for disposing waste. Hence proper waste management needs to be over-emphasized given the quantity of waste generated and the high population concentration in some areas.

Annex 12. Botswana Migration Profile

12.1 Immigration

<u>Total number of residents</u>		1.67 million
Of which	Own nationals	96.36%
	Immigrants	3.64%

Status of immigrants

Refugees: 4,000 refugees at the end of 2002 (2,000 from Angola and 1,000 from Namibia)

Labour migrants /permanent N/A

Labour migrants/seasonal N/A

Internally displaced persons N/A

The number of non-citizens has increased by nearly 100% over the past decade, to some 60,700 in 2001 (*Source: 2001 Census*), a trend already observed during the previous decade (increase from 15,703 in 1981 to 29,557 in 1991). Zimbabwean and Namibian citizens make up most of this growth.

Unauthorized migration is not documented in censuses, for obvious reasons. Estimates of Zimbabwean citizens residing illegally in Botswana vary widely according to sources (60-200,000), and over 2,000 were repatriated monthly at the border near Francistown towards the end of 2003.

Education

Skilled labour N/A. A survey in 1998 suggests that the vast majority of occupations belong to "skilled" professions, in particular medical and educational.

Main countries of origin of immigrants

In 1991, 63% of immigrants were of African origin (about 3/4th of the latter coming from South Africa, Zimbabwe and Zambia), 19 % from Europe (2/3rd of the latter from the UK) and 14% from Asia (1/2 of the latter from India).

Finance

Amount of outgoing migrant remittances N/A

Remittances as % of GDP N/A

12.2 Emigration

Emigrants

Total number of emigrants 2.9% of population (1991).

Status emigrants

Refugees: N/A

Labour migrants /permanent N/A

Labour migrants/seasonal N/A

Legal situation emigrants

Documented N/A

Undocumented N/A

Trend

Number of leaving migrants in 90/95 N/A

Number of leaving migrants in 95/2000 N/A

Education:

Skilled labour N/A. The inclination of skilled Botswana to leave their country appeared very low in a survey in 1998.

Main countries of destination

In 1991, South Africa (80% of all departures), Namibia and Zimbabwe

In 1991, the majority of the Batswana abroad were male migrants working legally in South African mines. However, recent developments are likely to have affected this pattern: end of the apartheid regime and easier travel of Batswana to South Africa (reflected in the increase in cross-border traffic between the two countries, from around 130,000 leaving/entering in 1993 to 1.1-1.2 million in 1998), increase in numbers of Batswana studying in South Africa, but reduction of workers in South African mines (close to 19,000 in 1983 to 12,000 in 1997). Europe (in particular the UK) and the USA are the main destinations of students.

As concerns undocumented emigration, evidence suggests that the majority of Batswana enter South Africa through legal border posts. However, it seems that overstaying with expired permits is not uncommon and on the increase (estimate of some 40 to 50,000). It does not imply that these persons intend to stay in South Africa.

A survey in 1998 indicated that Botswana respondents were traveling to neighbouring countries for short durations (less than a month), for reasons of shopping (South Africa mostly), visiting friends / relatives and tourism / holiday (Zimbabwe mostly).

Source: The Southern African Migration Project, "Botswana: Migration perspectives and prospects", Migration Policy Series No. 19, 2000.

Rate of return N/A

Finance

Amount of incoming migrant remittances	N/A
Remittances as % of GDP	N/A

Annex 13. List of acronyms and abbreviations

ACP	Africa, Caribbean and Pacific states
ACTVE	Advanced Certificate in Technical and Vocational Education
ATTC	Automotive Trades Technical College
BDC	Botswana Development Corporation
BETP	Botswana Technical Education Programme
BIDPA	Botswana Institute for Development Policy Analysis
Bln	Billion
BOTA	Botswana Training Authority
BPC	Botswana Power Corporation
BURS	Botswana Unified Revenue Services
CAAT	Colleges of Applied Art and Technology
CBNRM	Community-Based Natural Resources Management
CDE	Centre for Development of Enterprises
CEDA	Citizen Entrepreneurship Development Agency
COMESA	Common Market for Eastern and Southern Africa
CSO	Central Statistics Office
CSP/IP	Country Strategy Paper / Indicative Programme
CTVE/FTC	College of Technical and Vocational Education/Francistown Technical College
DFID	Department for International Development (UK)
DRC	Democratic Republic of Congo
DWNP	Department of Wildlife and National Parks
E & T	Education and Training
EC	European Commission
EDF	European development Fund
EIB	European Investment Bank
EPAs	Economic Partnership Agreements
EPRD	European Programme for Reconstruction and Development
ESA	Eastern and Southern Africa
ESIP	EU/SADC Investment Promotion Project
EU	European Union
FDI	Foreign Direct Investment
FMD	Foot and Mouth Disease
FTC	Francistown Technical College
GDP	Gross Domestic Product
GoB	Government of Botswana
GTC	Gaborone Technical College
HIV/AIDS	Human Immuno-deficiency Virus / Acquired Immuno-deficiency Syndrome
HRD	Human Resources Development
MDGs	Millennium Development Goals
MEUR/M€	Million Euro
MFDP	Ministry of Finance and Development Planning
MLHA	Ministry of Labour and Home Affairs
Mln	Million
MoE	Ministry of Education
MPP	Micro-Project Programme
MTR	Mid-Term Review
MUSD	Million USD
NACA	National Aids Co-ordinating Agency
NAO	National Authorising Officer
NDP	National Development Plan
NGO	Non Governmental Organisation
NIP	National Indicative Programme
PPADB	Public Procurement and Asset Disposal Board
PRSP	Poverty Reduction Strategy Paper
RIP	Regional Indicative Programme
SACU	Southern Africa Customs Union
SADC	Southern Africa Development Community

SMEs	Small and Medium Enterprises
STDs	Sexually-Transmitted Diseases
SWAp	Sector Wide Approach
TDCA	Trade Development Co-operation Agreement
TVET	Technical and Vocational Education and Training
UN HDR	United Nations Human Development Report
UNDP	United Nations Development Programme
VAT	Value-Added Tax
VET	Vocational Education and Training
VTP	Vocational Training Programme